FINANCIAL TIMES

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WORLD NEWS

Soviet reform pledge

There will be no slowing-down of Soviet economic restructuring, Prof Abel Aganbegyan, Soviet leader Mikhail Gorbachev's chief economic adviser, said yesterday.

"Perestroika" represented a real revolution which would affect the whole fabric of Soviet society, he said in London.

The policy was meant to create social and economic conditions in which industry could flourish and required radical changes, particularly in the centralised system of economic management. Back Page

31st Tube fire victim

A victim of the King's Cross Tube fire died in hospital, bringing the death toll to 31. Soho fireman Colin Townsley, who died in the fire, was buried.

No Zircon prosecutions

The Government came under attack after saying no-one would be prosecuted over the Zircon spy satellite affair. Page 4

Philippines calamity

Philippines President Corazon Aquino declared a state of calamity in 11 provinces after Typhoon Nina brought 380 deaths. Peace feeler, Page 2

Massacre condemned

Zimbabwe Premier Robert Mugabe condemned the massacre of 16 whites south of Bulawayo as "unbridled savagery." Page 2

Lebanon hostages freed

Two French hostages were released in Moslem West Beirut. Page 2

Tamils kill seven

Tamil rebels fired on an Indian peacekeeping patrol in northeast Sri Lanka, killing seven soldiers.

AIDS cases up sharply

Reported AIDS cases in the world have nearly doubled, to 68,217, in the past year, the World Health Organisation said.

Air Canada halts flights

Air Canada halted all flights as maintenance staff began a strike in Canada. Page 2

Prison for stamp sales

National Postal Museum curator William Wellstead was jailed for two years at the Old Bailey for stealing and selling museum stamps to pay his debts.

Biko film cleared

South African censors unexpectedly passed Sir Richard Attenborough's film Cry Freedom, about black nationalist leader Steve Biko, for screening. Page 2

S African spy jailed

Zimbabwe jailed a South African woman for 25 years for spying. The judge said she deserved the death sentence.

Suicide attempts fail

A man was taken to a Taunton hospital after seven suicide attempts. He threw himself at four cars, jumped under a lorry, and tried to strangle himself and leap from a window.

England tottering

England were in a shaky position after three days of the first test against Pakistan at Lahore, and Chris Broad was reprimanded by the manager for not leaving the crease when given out. Scores: England 175 and 47 for four; Pakistan 392.

...that ye be not judged

Italy's government introduced a draft law under which judges could be fined for making mistakes. Judges oppose it.

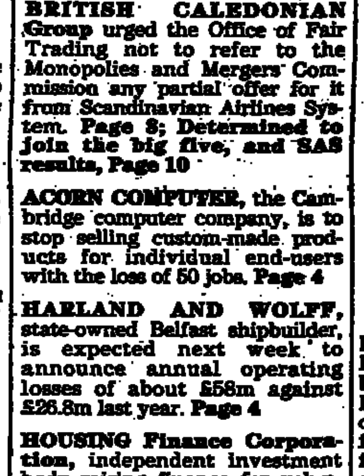
BUSINESS SUMMARY

China plans reform of economy

CHINA is to introduce building societies next year and allow individuals to set up as estate agents as part of an economic reform package. The reforms include tax changes and are designed in part to help alleviate the country's chronic housing shortage. Back Page

EQUITIES fell slightly in London in thin trading as the pound rose above $1.80 for the first time in 5½ years. The FT Ordinary Index dropped 6.2 to close at 1,308.2, but gained 22 on the week. The FT 100 Index fell 9.1 to 1,651.6, ending the week up 18.2. Stock exchange, Page 12

FT Index
Ordinary Share, hourly movements



BRITAIN'S building societies are to be allowed greater freedom to turn to wholesale money markets to fund mortgage lending. Back Page

JAPANESE Prime Minister Noboru Takeshita warned his people that moves to open Japan's markets might require them to "forbear and endure" unpopular measures. Page 3

WEST GERMAN'S trade surplus fell by about DM1.4bn (£467.4m) to DM10.1bn last month because of rising imports.

BRITISH CALEDONIAN Group urged the Office of Fair Trading not to refer to the Monopolies and Mergers Commission any partial offer for it from Scandinavian Airlines System. Page 8; Determined to join the big five, and SAS results, Page 10

ACORN COMPUTER, the Cambridge computer company, is to stop selling custom-made products for individual end-users with the loss of 50 jobs. Page 4

HARLAND AND WOLFF, state-owned Belfast shipbuilder, is expected next week to announce annual operating losses of about £58m against £26.8m last year. Page 4

HOUSING Finance Corporation, independent investment body raising finance for voluntary housing associations, is expected to make its first issue, of between £25m and £50m, next week as part of a three-year plan to raise £2bn. Page 4

ANGLO AMERICAN, South Africa's largest mining, financial and industrial group, reported a 16 per cent fall in interim pre-tax profits to R572m (£162m). Page 10

GRANADA, TV and leisure group, raised its bid for rival Electronics Rentals to £250m, winning the backing of Philips, the Dutch electronics company which holds a large stake in ER. Back Page

SIEBE, controls, engineering and safety equipment group, increased interim pre-tax profits by 2½ times to £50.7m. Page 8

THORN EMI launched a $26.1m (£14.5m) bid for the outstanding 25 per cent of its Australian offshoot. Page 8

DEBBIE MOORE is quitting as chairman of the USM-listed Pineapple Group, but keeping the dance studios that made her famous and rights to the Pineapple name. Page 8

Ireland's most wanted man captured in shoot-out

BY OUR DUBLIN AND BELFAST CORRESPONDENTS

IRELAND'S most wanted man, Mr Dessie O'Hare, was undergoing surgery last night after being captured and wounded in a shootout with security forces in which his car passenger was killed.

Mr O'Hare's arrest came as Irish Prime Minister Charles Haughey opened the parliamentary debate on changes in Ireland's extradition law with a stern denial that his country was "soft on terrorism".

Mr Haughey said recent events in Ireland had emphasised the need for a clear and unequivocal demonstration of his country's condemnation of violence in all its manifestations.

The republic's security forces have been involved in a massive sweep through the republic and Northern Ireland for IRA arms and explosives during which a number of people who escaped from the Maze Prison in Northern Ireland in the mass IRA breakout in 1983 have been re-arrested.

Among them was escaped Maze prisoner Paul Kane, arrested on Thursday for the third time this week after confusion over extradition documents from the UK.

Mr O'Hare, 29, nicknamed the Border Fox, crashed into a joint army and police roadblock near Kilkenny in the Irish midlands which was set up after a tip-off. A green BMW was riddled with police and army bullets.

Mr O'Hare suffered gunshot wounds to the arms, legs and chest but was conscious when he was removed from the scene.

He is wanted by police on both sides of the Irish border for questioning in connection with a series of murders. He and his gang have been sought in a nationwide operation in connection with the kidnapping of Dublin dentist Mr John O'Grady last month.

During the exchange of shots an Irish soldier was wounded although his condition was not thought to be serious.

The Royal Ulster Constabulary wish to question Mr O'Hare about serious offences committed in Northern Ireland, including a number of killings related to an internal feud in the Irish National Liberation Army.

Mr Haughey was opening a debate on an amendment to an earlier Extradition Act which seeks to provide safeguards for Irish citizens being extradited to the UK.

Backbench misgivings about extradition have been pacified by the involvement of the Irish Attorney-General, who will endorse extradition warrants provided by the British authorities. Four days of debate in the Irish parliament have been set aside for dicussion of the changes.

Opposition parties are unhappy that a quasi-judicial role has been assigned to the Irish Attorney-General, a political appointment. Another con-

Continued on Back Page

Eurotunnel flotation meets poor response

BY RICHARD TOMKINS

THE OFFER for sale of shares in Eurotunnel, the Anglo-French group building the Channel tunnel, has met with a poor response from investors in the UK, it emerged following the close of the application lists yesterday.

Application forms were still being counted late last night but it seemed possible that up to 20 per cent of the shares offered in the UK could be left unsold. This suggests that all UK applications will be met in full.

Of the £770m worth of Eurotunnel shares being sold, just over £353m worth were offered in the UK, the same again in France, and the remaining £63m worth in other international markets.

The response in France is thought to have been similar to that in the UK but the position was unclear last night because shares there were distributed through hundreds of high street banks and the figures had not been collated. The international offer is believed to have been fully subscribed.

In the UK, between 100,000 and 150,000 applications were received. This contrasts with research produced by Dewe Rogerson, Eurotunnel's marketing consultant, earlier this month indicating that nearly 600,000 people in the UK felt certain they would buy the shares.

The stock market crash and the disastrous response to the British Petroleum issue are thought to have deterred many investors from applying.

Warburg Securities, the stockbroker advising Eurotunnel, said it was possible that the issue might yet turn out to be fully subscribed.

The firm said: "The investment criteria were novel. Given the crash and the BP issue, commentators were hesitant about recommending it wholeheartedly, and that fed through into the retail market."

The shortfall in applications will not stop the Channel Tunnel being built because any unsold shares will be allocated to the underwriters. However, it is a psychological blow to Eurotunnel because it suggests a lack of confidence in the project among institutional investors and the public alike.

Mr Alastair Morton, Eurotunnel's UK co-chairman, said he preferred to wait until the full figures were available before commenting. "But the fact that more than 100,000 people in the UK and a similar number in France have applied for the shares does not suggest to me that there is anything disappointing about the response."

Dealings in the shares begin in London and Paris on Thursday, December 10. If the issue does turn out to be undersubscribed, there is a strong likelihood that the stock will open at a discount to the 350p offer price.

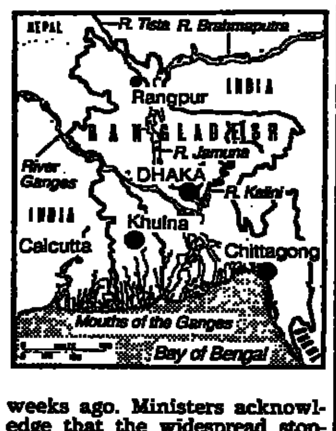
It is thought that most private investors in the UK will hold on to their shares because a high proportion bought them for the accompanying travel perks. The main downward pressure on the price is likely to come from institutional investors selling off unwanted underwriting stock.

Warburg Securities is confident that it will be able to find willing takers for any shares left unsold, but buyers will expect to receive a discount on the offer price in exchange for their support.

The price at which the buyers agree to take the stock will effectively provide the opening price on December 10.

Ershad imposes 36-hour curfew

BY SAYED KAMALUDDIN IN DHAKA



PRESIDENT Hossain Mohammad Ershad declared a state of emergency in Bangladesh yesterday, imposed a 36-hour curfew and banned all strikes and anti-government protests.

President Ershad, facing mounting opposition protests aimed at ousting him from power, said he was forced to assume emergency powers because the country faced internal strife, insecurity and economic danger.

Mr Ershad will make a national broadcast on Saturday evening to explain the reasons that led to the proclamation of emergency. There is speculation that he will offer any constitutional solution acceptable to the opposition, short of resigning his post. He seems to have the backing of the military leaders who would prefer him not to have to leave the political scene dishonourably.

One possibility is that President Ershad mayoffer to hold parliamentary elections some time next year.

The 36-hour curfew was imposed on the Bangladesh capital, Dhaka, and several other cities including the two southern port towns of Chittagong and Khulna. All industries and offices would remain shut during the curfew until Sunday. Anyone violating the emergency orders could be jailed for up to three years and fined.

President Ershad also ordered suspension of all basic civil rights and said courts were barred from trying any cases related to them. Earlier yesterday President Ershad closed Dhaka University, one of the centres of political opposition.

A separate order issued by the Ministry of Home Affairs banned publication of any news or comments on activities prohibited by emergency powers. It also outlawed criticism of any government decision.

President Ershad assumed the emergency powers to forestall a 72-hour general strike called for Sunday by the country's 21 opposition parties as part of a national campaign to oust him which began two-and-a-half weeks ago. Ministers acknowledge that the widespread stoppages, the longest in the country's history, have shattered the domestic economy.

In Dhaka it is widely believed that President Ershad had little choice but to take action if he does not want to accept the opposition's demand to resign.

The opposition movement, led by Mrs Sheikh Hasina, Awami League president, and Mrs Khaleda Zia, Bangladesh Nationalist Party chairman, appears to have succeeded in forcing President Ershad to acknowledge that he faces his worst political crisis since taking power in March 1982 through a bloodless military coup.

While both opposition leaders are now under house arrest, and hundreds of other activists in detention, the anti-government protest has begun to spread into the countryside.

Opposition sources said police arrested several more political leaders soon after the declaration of the emergency yesterday. Among those detained were former Speaker of Parliament Mirza Golam Hafiz and an opposition parliament member, Zillur Rahman. Police said several other opposition leaders had gone into hiding.

This is the second time a state of emergency has been declared in Bangladesh. The country's first president, Sheikh Mujibur Rahman, declared a state of emergency in 1974.

Company to buy three disused power stations

BY LUCY KELLAWAY

INDEPENDENT Power and Energy, a new company chaired by Lord Ezra, former head of British Coal, has agreed in principle to buy three disused coal-fired power stations in Wales from the Central Electricity Generating Board.

The company will operate the power stations and sell the electricity to Welsh area boards.

The deal, which is expected to be finalised in February, will be the largest private electricity venture in the UK, accounting for up to 10 per cent of Welsh electricity supplies, and will reflect the CEGB's increased willingness to accommodate the private sector in the light of government plans to privatise the industry.

Private companies have been able to generate power in the UK since 1982, but prices offered by the CEGB for supplies have not yet been high enough to make the schemes attractive.

Faced with a shortage of generating capacity, the CEGB has been negotiating with about five private groups over power station building. Private supplies to the grid are negligible, coming from surplus generation by industrial users or small stations relying on renewable energy sources.

Mr Angelo Casfikis, architect of the Welsh scheme, said refurbishing the three stations would cost about £85m and create a maximum of 6,000 jobs over two years.

The new company will be financed in part by equity from private investors, the Welsh Development Agency and Welsh area boards, although the bulk of the funds will come from a consortium of banks.

Mr Casfikis said negotiations with three Welsh area boards for sale of the electricity were at an advanced stage. Under terms agreed, the project would repay investors in about five years, a significantly shorter period than associated with building power stations from scratch, he said.

The three stations, at Rogerstone, Connah's Quay and Roosecote, have a combined capacity of 420Mw. They have been in mothballs for several years.

Mr Casfikis said about half the coal would be bought from British Coal at a price that represented a "good improvement" on the terms offered to the CEGB. The remainder would be bought at world prices from independent sources. He said there were no plans to import coal.

Haslam attacks CEGB's coal prices fallacy, Page 4

City worried by low turnover

BY SIMON HOLBERTON AND STEPHEN FIDLER IN LONDON AND JANET BUSH IN NEW YORK

CONCERN is rising in the City that the lack of turnover in equity and gilt-edged markets may lead to much lower levels of profitability and force staff cuts.

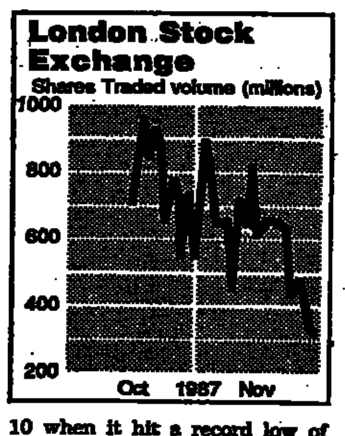
Senior executives of some large securities houses are predicting that profits may fall by 40 per cent or more over the coming year.

Although not all agree with the magnitude of the contraction in profitability, many endorse the view that, with business falling off and overhead expenses constant, staff cuts, reductions in salary levels, the retreat from less profitable markets might be needed to ensure acceptable profits in the year ahead.

Financial markets ended the week on a mixed note. The dollar traded at or near historic lows, although business was modest, as currency markets continued to be concerned over the outlook for international co-operation to stabilise the US currency.

The dollar yesterday traded at its weakest level since November 10 when it hit a record low of DM1.6475 and traded as low as Y133.10. At midsession in New York, it stood at its day's lows of DM1.6520 and Y133.50.

London Stock Exchange
Shares Traded volume (millions)



The dollar's weakness had little impact on the equity market, which was quiet, but undermined US Treasury bonds. The Treasury's benchmark 8.875 per cent 30-year issue had fallen more than one point by midsession to yield 9.17 per cent.

The pound closed in London at a 5½ year high at $1.81, but was unchanged against Thursday's level against the D-Mark. Share prices were up modestly on a week ago. The FT-SE share index closed 9.1 points lower at 1,651.6, but was 1.1 per cent higher than last Friday. The FT Ordinary index was 6.2 points lower at 1,308.2.

Securities houses are concerned less at the level of prices than the level of turnover. Stock exchange figures suggest that the value of daily turnover this week averaged about £550m. This compares with daily turnover in pre-slump days of closer to £1bn, and turnover during the days immediately after the crash in equity prices of £2.5bn to £3bn.

Continued on Back Page
Stock market report and money markets, Page 12; Lex, Back Page

MARKETS

DOLLAR

New York lunchtime:
DM 1.6525
FFr 5.6285
SFr 1.356
Y133.55
London:
DM 1.654 (1.6685)
FFr 5.625 (5.6625)
SFr 1.3575 (1.3685)
Y133.65 (134.55)
Dollar index 95.4 (95.8)
133.75Tokyo close Y

US LUNCHTIME RATES

Fed Funds 6¾%
3-month Treasury Bills:
yield: 5.79%
Long Bond: 97½
yield: 9.15

GOLD

New York: Comex Feb latest $491.8
London: $478.5 (477.75)

STERLING

New York lunchtime $1.811
London: $1.81 (1.7945)
DM 2.995 (same)
FFr 10.1825 (10.1625)
SFr 2.4575 (2.455)
Y242.0 (241.5)
Sterling index 76 (75.7)

LONDON MONEY

3-month interbank:
closing rate 9% (8⅞)

NORTH SEA OIL

Brent 15-day Dec (Argus) $17.80 (17.775)

STOCK INDICES

FT Ord 1,308.2 (−6.2)
FT-A All Share 831.0 (−0.4%)
FT-SE 100 1,651.6 (−9.1)
FT-A long gilt yield index:
High coupon: 9.33 (9.36)
New York lunchtime:
DJ Ind Av 1,939.16 (−7.79)
Tokyo:
Nikkei 23,268.62 (−13.56)

Chief price changes yesterday: Back Page

Austria Sch22; Bahrain Din0.650; Bermuda $1.50; Belgium BFr48; Canada C$1.00; Cyprus C£0.75; Denmark DKr9.00; Egypt E£2.25; Finland Fmk7.00; France FFr6.50; Germany DM2.20; Greece Dr100; Hong Kong HK$12; India Rup15; Indonesia Rp3,100; Israel NS3.50; Italy L1600; Japan Y600; Jordan Fils500; Kuwait Fils.500; Lebanon $L125; Luxembourg LFr48; Malaysia Rls4.25; Mexico Pes300; Morocco Dh6.00; Netherlands Fl3.00; Norway Nkr8.00; Philipines Pes20; Portugal Esc100; S.Arabia Rls6.0; Singapore S$4.10; Spain Pta125; Sri Lanka Rup30; Sweden SKr8.00; Switzerland SFr2.20; Taiwan NT$85; Thailand Bht50; Tunisia Din0.800; Turkey L500; UAE Dh6.50; USA $1.00.
SELLING PRICE IN IRELAND 60p

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Brazil Congress in revolt over fiscal package

BY IVO DAWNAY IN RIO DE JANEIRO

THE Brazilian Congress is in revolt against the government's fiscal package, now imminent, aimed at reducing the country's soaring public sector deficit.

With the details of the measures yet to be published, political parties of both left and right have attacked the plan, for opposite reasons.

On Thursday, a broad coalition of interests gathered more than 187 signatures from Congressmen opposed to the plan. This is enough to mount a constitutional challenge to the government's right to press ahead with the proposals.

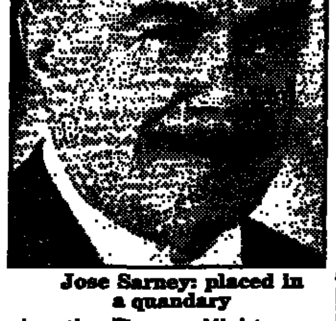
The package envisages a substantial revision of tax rates and the introduction of a wealth tax.

The critics say any *fiscal* changes would pre-empt clauses now being prepared for the new constitution on reform of tax-raising powers and procedures.

But behind this lies more substantive disagreements over how to tackle Brazil's economic crisis that divide left and right. The right wants the emphasis switched from new tax-raising to cuts in public spending, while the left wants the opposite.

Both sides can unite, however, over the need to give priority to improving the efficiency of a tax administration which allows many to evade payment. They also agree over the need to lighten the tax load in certain sectors to encourage illegal businesses back into the formal economy.

Both President Jose Sarney and Mr Luiz Carlos Bresser Pereira, the Finance Minister, are now in a serious quandry as to how to procede. Until now, the president has governed through decree laws, but the Congress has a complex case to argue that he cannot act unilaterally on measures that would pre-empt constitutional decisions.



Jose Sarney: placed in a quandary

Mr Bresser claims that urgent steps have to be taken immediately to raise government revenues in the light of a growing public sector deficit now estimated by some to be more than 6 per cent of gross domestic product.

Newspaper reports of the tax increases, which will fall heavily on the wealthy, have fuelled a rapid rise in the value of the "black" dollar as savers have sought to escape the tax net.

S African censor passes Biko film

By Anthony Robinson
Johannesburg

A SURPRISE decision yesterday by the South African censor means that local audiences of all races will be allowed to see "Cry Freedom",the film about the life of black consciousness leader Steve Biko.

The controversial film, shot on location in Zimbabwe by the British film director Sir Richard Attenborough, deals partly with the black leader who died in a Pretoria police cell in 1977.His death came after after a 1,200 km drive, naked and shackled in a police Landrover, from Port Elizabeth where he had been interrogated for days by the security police.

The film also explores the relationship between Mr Biko and Mr Donald Woods, former editor of the Daily Dispatch newspaper who was banned, and subsequently escaped from South Africa, after befriending the black leader and allowing him to put his views across in the dispatch.

The idea of a film about Mr Biko having been made by whites, and the allegedly disproportionate emphasis on the friendship between the two men, led to denunciations of the film and its director from black consciousness and other black critics. There is little doubt however that the film will attract enormous interest in a country which in so many ways has been deprived of its history by decades of censorship, bannings and propaganda.

South African censorship rules,with their Orwellian overtones, like those which forbid publication of the words or the photographs of banned persons without permission, still remain in force. But the censorship of books and films has becoming decidely less oppressive in recent years under Dr Braam Coetzee, the director of publications whose committee reviewed the film this week, and gave it a certificate for general distribution.

Just over a year ago formerly racially segregated cinemas became multi-racial, partly due to pressure from US film distributors who threatened to stop sending films to South Africa unless they could be shown to multi racial audiences.

The censor also allowed distribution of Sir Richard's earlier film on the life of Ghandi, which included scenes of him being thrown off a train by a white guard while still a a young lawyer living in South Africa. At that time however cinemas were still segregated and Sir Richard was attacked for allowing his film to be shown in this way. His latest film promises to be seen by a much wider black audience flocking to cinemas which are still mainly in white areas.

Pretoria gold given new underground home

BY ANTHONY ROBINSON IN PRETORIA

NOWHERE DOES gold dug from the mines return underground to the vaults more quickly than in South Africa where the gold-bearing Witwatersrand is less than 50 kms south of the capital Pretoria.

But over the last few weeks *South Africa's gold reserves* have found a new home. The reserves,all 6.212bn fine ounces of them, have been transferred from the Reserve Bank's old headquarters Church Square - under the eagle eye of Boer President Paul Kruger's statue - to the vaults of a new 32-storey black marble and glass skyscraper 1km away.

Right through the worst of the South African financial crisis work continued apace on the R117m (£20.9m) addition to the Pretoria skyline.

In its way the new high-tech Reserve Bank became a symbol of that dogged Afrikaner determination to press ahead - despite the rush for the exit by foreign banks in August 1985 which led to the partial debt moratorium and re-introduction of the two-tier Rand system.

On Thursday night it was officially *opened* by President P W Botha during a glittering banquet which was the highpoint in Pretoria's social calendar. As Governor Gerhard de Kock noted in his welcoming speech "dealing with the debt crisis was child's play compared with getting the protocol right tonight".

What happened next revealed much about South Africa's search for new economic and financial friends to replace disinvesting traditional banking partners such as Barclays, Standard Chartered, Hill Samuel and America's City Bank and the cold shoulder from the IMF and other institutions.

In his best puckish style the governor turned to his guest of honour, Mr Chang Chi-cheng, the governor of the Central Bank of China in Taipei, recalling how Taiwan now had over $70bn of reserves he proposed - "you have the gold. We have the vaults,let's make a deal".

It was a good line and the audience loved it, especially as he followed up by confirming that South Africa's own reserves had indeed between transferred to the high-tech security of the new vaults. "Yes its true, Jappie Jacobs (the deputy governor) and myself carried a small bar each, last weekend," he quipped.

In fact the reserves have more than doubled over last year during which time violent black protest has subsided through a mix of co-option and coercion and South Africa has received what Dr de Kock described as a degree of "grudging admiration" from foreign bankers.

And yet, it was those eminent bankers and institutions who were invited but declined - such as the IMF or Dr Fritz Leutwiler, the former Swiss National Bank chairman and erstwhile debt mediator - who spoke perhaps more eloquently about the reality of South Africa's continuing isolation by their absence.

As Mr Harry Oppenheimer, the doyen of South Africa's private sector, reminded his audience the end of South Africa's isolation, of sanctions and disinvestment requires political solutions.

President Botha, gratified no doubt by the absence of several of his domestic *betes noir* such as Mr Andries Treurnicht, right-wing Conservative Party opposition leader, and Mr Chris Ball,

De Kock: Puckish style

chief executive of National Bank(formerly Barclays Bank), listened with suitably oriental inscrutability.

Squatters blamed for mission massacre

BY TONY HAWKINS IN HARARE

ZIMBABWE Home Affairs Minister Enos Nkala yesterday blamed local squatters for the "heinous killing" of 16 whites in the Hope Fountain mission area 30km south of Bulawayo.

The city is the capital of the south western province of Matabeleland, where anti-government rebels have been active since 1982. The inter-denominational group of lay missionaries, who were hacked to death, ran a co-operative farm.

Mr Nkala gave the first official Zimbabwe government confirmation of the massacre hours after the story had been carried by foreign news media.

He said a local squatter leader, now in custody, had warned the victims that they "were not going to have their next meal". The minister said the killings had been carried out by a group of about 20 anti-government dissidents led by a man called Gayigusu, also known as Morgan.

Thirteen of the dead were Zimbabwe citizens, two were Americans and one British. They included two teenage girls, one small boy and two babies. Two children managed to escape. The bandits left a note, in broken English, urging Zimbabweans not to support capitalist-oriented western countries and describing British prime minister Margaret Thatcher and Zimbabwean premier Robert Mugabe as enemies of the people.

The victims were "innocent people talking about peace", Mr Nkala said, but they had been murdered by dissidents seeking to exploit squatter greivances for political reasons.

While no political accusations concerning the killings have yet been made, there are fears that the massacre could adversely affect the proposed unity pact, thought to be imminent, between Mr Mugabe's ruling ZANU-PF party and Mr Joshua Nkomo's opposition ZAPU.

Mr Nkala said the massacre had its origins in tensions over land rights in Zimbabwe. The Governor of Matabeleland province had gone to the area only last week to discuss the land problem with disgruntled squatters whose situation has deteriorated as Matabeleland faces its sixth successive year of drought.

The Governor had told the squatters that they would be removed if they tried to take over the mission's land for grazing and it was this that resulted in threats against the lay missionaries being made by the squatters leader.

The minister said a special anti-bandit unit was being deployed to track down the squatters,but mission sources complained there had been a long delay before the security forces reacted to calls for help after the massacre early on Thursday morning.

• Zimbabwe's shadowy war, Page 6

French hostages released

TWO French hostages, Jean Louis Normandin and Roger Auque, were released at the seafront Summerland hotel in Moslem West Beirut yesterday. **Reuter reports from Beirut.**

They were freed by the Revolutionary Justice Organisation, a pro-Iranian guerrilla group which said its move followed assurances by France that it would change its Middle East policy.

The shadowy group, which has freed five other French nationals in the past year, demanded that France change its hostile policy in the Middle East and stop supporting Iraq in the Gulf war.

Iraq hits tanker

Iraq said yesterday its warplanes hit a supertanker off the Iranian coast. Lloyd's Shipping Intelligence Unit has not been able to confirm the report or identify the vessel, **writes Joan Wucher King.**

Hawke's Gulf plan

Australia is considering sending naval divers to the Gulf to help Western efforts to protect shipping, **writes Chris Sherwell in Sydney.**

Left-wing members of the ruling Labour Party fear Australia risks becoming caught up in the Iran-Iraq conflict. But the opposition Liberal Party backed the idea.

Iran is an important trading partner for Australia, but the prime minister, Mr Bob Hawke, is a strong supporter of the Western alliance.

Bhopal relief ruling

A judge in Bhopal is to rule on how much interim relief Union Carbide must pay to victims of the pesticides plant gas leak three years ago by January 11, before the hearings on the Indian Government's $3bn claim begin, **writes K K Sharma in New Delhi.**

Israeli growth at 4%

Israel's economy is growing at more than 4 per cent a year - the best performance for well over a decade - according to Mr Moshe Nissim, the Finance Minister, **writes Andrew Whitley in Jerusalem.**

Mr Nissim told a meeting of Chambers of Commerce from Israel and the European Community that the private sector was doing even better - expanding by an estimated five per cent. Between 1981 and 1986 growth averaged 2.3 per cent, barely matching the rise in population.

Newsmen end strike

A seven-week journalists' pay strike in Israel, which closed the state-run radio and television networks, ended yesterday, after the journalists agreed to binding arbitration, **writes Andrew Whitley in Jerusalem.**

The agreement followed a management appeal to provide coverage of the aftermath of the previous night's guerrilla attack on an army base, in which six Israeli soldiers died.

Tunisia's priority

Tunisia is giving priority to restoring relations with Libya, Mr Rashid Sfar, former Tunisian prime minister and president of the Tunisian parliament, said in London yesterday, **writes Joan Wucher King.** Mr Sfar was in Britain on an official visit, and held talks with British Foreign Secretary Geoffrey Howe and MPs.

Ground staff strike halts all Air Canada flights

BY DAVID OWEN IN TORONTO

AIR CANADA halted flights at midday yesterday because of a fast-spreading strike by 8,500 unionised ground workers.

Toronto-based members of the International Association of Machinists and Aerospace Workers walked out on Thursday. The strike has since spread to Montreal, Ottawa and Vancouver.

Mr Pierre Jeanniot, the company's president, said that Air Canada had decided to halt flights because of the need to assure "the safety and integrity of operations".

He added that the airline would continue to operate a few flights with management personnel if necessary, "to avoid extreme hardship" for passengers unable to find alternative means of travel.

Air Canada's decision comes about three weeks after union members took a strike vote. The main issue in the dispute is a union demand for the indexing of pensions.

The threat of rotating walkouts has cost Air Canada a reported C$1.15m (£490,000) a day in lost or cancelled bookings. Canadian Airlines International, Air Canada's main domestic competitor, said on Thursday that its 200 flights in and out of Toronto were booked solid.

No new negotiations between the two sides have been scheduled since talks broke down on November 15. Yesterday, however, Mr Jeanniot offered to return to the table while stressing that "indexing is really a blank cheque" which would cost the airline an estimated C$70m a year if extended to all employees.

The Federal Government has said that it has no plans to intervene in the dispute since the situation does not constitute a national emergency.

Ozal maintains clear lead

BY DAVID BARCHARD IN ANKARA

ON THE eve of tomorrow's general elections, Prime Minister Turgut Ozal yesterday stepped up his attack on the opposition Social Democracy Populist Party, saying that it was backed by left-wing extremists including the outlawed Turkish Communist Party.

Mr Ozal and his Motherland Party remain the clear favourites in the elections, the first fully democratic general elections in Turkey for a decade.

However, in the large cities, the SDPP and Professor Erdal Inonu, its leader, appear to be gaining ground fast, though the polls still show it running well below the 30 per cent mark.

Some of the swing to the SDPP seems to be a reaction against bad local government. In Ankara a crowd protesting at the coal shortage in the capital which has left many homes unheated for several weeks clashed with police on Thursday as they tried to reach Mr Mehmet Altinsoy, the city's mayor.

Mr Ozal has promised that he will give civil servants a "nice surprise" on the eve of the election. Turkey's large and badly paid civil service is one of the principal sources of opposition to the Motherland Party.

The Prime Minister would not say what he was planning for civil servants but said the Government wanted to give them more generous support.

The Motherland Party has already taken steps to win votes of most key social and economic groups especially farmers, and has made strikingly effective use of patronage connections in provincial society.

The press - which is generally deeply hostile to the Motherland Party - has been playing up fears about the prime minister's health. Last February he had a triple by-pass heart operation in Texas and though generally fit, has kept election campaigning to a minimum in the last few weeks.

Ozal: "nice surprise"

Rebel officers offer Philippine peace feeler

By Richard Gourley in Manila

REBEL OFFICERS still on the run in the Philippines after a failed coup in August have written to President Corazon Aquino promising to "desist from taking any hostile action against the Government" because of its "apparently sincere and honest efforts to improve on its performance".

The letter though unsigned was endorsed by Col Gregorio "Gringo" Honasan, who led the coup in which 56 people were killed, sources close to the rebels said. The threat that Col Honasan would make another bid against the Government with the backing of sections of the disaffected military has led to a near seige mentality within the administration at times and has kept the military on constant alert since the coup.

Officials particularly fear that the rebel soldiers will try to embarrass the Government by disrupting the December summit of Association of South-East Asian Nations heads of state, which will also be attended by Prime Minister Noboru Takeshita of Japan.

The letter comes as a deadline for November 30 deadline for the rebels to surrender approaches after which they will be dropped from the armed forces roster, losing their salaries and housing and pension provisions. Two key rebel officers have so far surrendered.

Gen Fidel Ramos, the armed forces chief, on Wednesday confirmed that feelers are out to the Honasan group.

Analysts believe that the rebel's ability to muster enough forces to make another serious challenge to the government have sharply diminished for the moment.

• The death toll from typhoon Sisang which swept across the central Philippines on Thursday has risen to over 350 with more feared dead in villages still cut off from Manila. Witnesses in the remote area of Sorsogon said huge tidal waves driven by 125 mph winds combined with floods from torrential rain to sweep away entire villages.

President Aquino has declared a state of emergency in the area, 230 miles south east of Manila, which will allow rescue workers to commandeer relief supplies.

Danes present EC reform deal

BY QUENTIN PEEL IN BRUSSELS

A PACKAGE of budget reforms for the European Community, including a system of national payments to Brussels and cost "stabilisers" for all farm sectors, has been presented by Denmark as the basis for a decision at next week's Copenhagen summit.

The compromise plan is intended to balance all the objections of member states. The plan includes agricultural cuts, an increase in cash for poorer member states, and the imposition of budget *discipline* across *all areas* of spending.

However, it contains three key gaps to be left for the leaders to resolve at their summit: how high to set the final ceiling on budget contributions; how much more money to put into social and regional spending; and how to calculate a continuing reduction in Britain's budget contribution.

On agriculture, the paper drawn up by Denmark - the current chairman of the EC Council of Ministers - simply puts back on the table the same plans which resulted in deadlock between the 12 farm ministers earlier this week. Now it is up to the foreign ministers meeting on Sunday and Monday to see if they can make any further progress.

However, Mr Poul Schlueter, the Danish Prime Minister, suggests in a letter to his fellow heads of government that the key sectors - cereals and oilseeds - *may have to be reconsidered* by the European Commission.

The compromise suggests that member states contribute funds to Brussels from a new fourth resource based on gross national product, in addition to the customs duties, agricultural levies, and value added tax-related payments already made. The VAT element would be set at a notional 1.25 per cent rate, instead of the 1.0 per cent proposed by the European Commission - a concession to Italy, which will lose out most under a GNP-related system.

Although it includes only a blank page on the British compensation, Mr Schlueter says three elements should be taken into account: that some form of compensation must continue; that it should be reduced by the amount that the UK benefits from the new payments' system; and that all member states should contribute, with some alleviation for West Germany as already the largest net contributor.

The proposal errs on the side of favouring the UK position, but will annoy Germany and the Netherlands for not ensuring that it is ultimately phased out, and Spain, Portugal, Greece and Ireland for calling on them to contribute - whereas the European Commission suggested they be exempted.

On the key question of how much more money to put into social and regional spending, the paper leaves the figure blank.

Opposition wins in Suriname election

UNOFFICIAL results show voters delivered a stunning rebuke to Suriname's military dictatorship, giving a three-party coalition a landslide victory in the country's first national elections in 10 years, **AP reports from Paramaribo.**

Suriname, a former Dutch colony, has been ruled by a military government since 1980, when Commander Desi Bouterse's band of army sergeants seized power.

The unofficial but nearly complete results in Thursday from seven of 10 voting districts indicated that the opposition Front for Democracy and Development had won at least 40 of the 51 seats in the National Assembly. The leaders of the front said they had not expected to win by such a wide margin in Wednesday's election.

Commander Bouterse and his 2,000-man army are not expected to yield full political power to civilians. He was an army sergeant when he led the 1980 coup that toppled Suriname's parliamentary government five years after independence from the Netherlands.

Commander Bouterse said at army headquarters Thursday that the army would respect the outcome of the vote, but "regardless of the results, the revolution will continue". Bouterse refers to his government as a "democratic revolution".

He has promised to return Suriname to democratic rule under a new system that will guarantee military participation in government affairs.

Under Suriname's new constitution, approved in a referendum September 30, the military government will be replaced by the National Assembly and a State Council. The Assembly will elect the president, who replaces the prime minister as the country's chief executive. But the Assembly will not have the power to make laws. That power will belong to the State Council.

Commander Bouterse has yet to reveal how the State Council will be chosen. Voters know only that a representative from the army - probably Bouterse himself - will be a member.

There was a heavy turnout among the South American nation's 195,000 eligible voters.

Forty-seven observers from five continents monitored the elections. "I am very satisfied with the democratisation process and the way the elections have been organised and run," said Mr Willem Vergeer, an observer from the Netherlands.

Nigerian leader criticised

GEN OLUSEGUN OBASANJO, the former Nigerian president, has lent support to critics of the present military Government's economic policies in a rare speech on domestic affairs, Reuter reports from Lagos.

In a carefully-measured speech on Thursday night, Gen Obasanjo also chided President Ibrahim Babangida, without refering to him directly, about the detention without trial of his predecessors.

Gen Obasanjo, who left office in 1979, attacked President Babangida's Western-backed plan for economic recovery.

"It appears to me that we now have a structural adjustment programme which seems drastically to reduce the living standard of all classes of productive workers except speculators and commission agents," he said.

France and Italy divided over budget

BY JOHN WYLES IN ROME

DIFFERENCES have emerged between France and Italy over European Community financing and over defence following talks between President Francois Mitterrand and Mr Giovanni Goria, the Italian prime minister.

As a result, the Italian government is unsure about how much help it can count on from Paris at next week's EC summit in Copenhagen in its bid to modify the European Commission's proposals on future financing.

Italian officials believe the Commission's plan to base increased contributions to the EC budget on gross domestic product would add Ecu 1bn to Italy's payments to Brussels. The government is prepared for a substantial increase but does not believe parliament would approve such a high figure.

The French president gave the impression that he was more strongly in favour of the Commission's proposal. He added to Italian alarm by suggesting that Italy should be prepared to give up EC aid it receives for the underdeveloped south.

Mr Mitterrand drew a parallel between Italian and British positions. "One day Mrs Thatcher comes to me and says that Britain is underdeveloped, and 48 hours afterwards she is reminding me that Britain is a world power. Now what is the truth also about you Italians? Are you or are you not an economic power. Is Italy working or not working? Why should these depressed areas be financed?"

Howe tries to settle Gibraltar airport row

BY DAVID WHITE IN MADRID

SIR GEOFFREY HOWE, the Foreign Secretary, started talks on Gibraltar here yesterday amid caution on both sides about prospects for *breaking their stalement* over the colony's airport.

However, British officials said Sir Geoffrey was determined to try to resolve the issue, which has held up EC plans for air transport reform and set back negotiations on the future of the contested British colony.

The Gibraltar question, in which airport rights have crucial political importance for Spain, dominated his discussions with Prime Minister Mr Felipe Gonzalez and Spanish Foreign Minister Mr Francisco Fernandez Ordonez. Sir Geoffrey also had an audience with King Juan Carlos.

The two ministerial delegations, including on the British side Sir Joshua Hassan, Gibraltar's Chief Minister, are due to hold a plenary session today.

Failure to reach an agreement on joint use of the airport would *risk provoking another clash in* the ec transport council when it meets on december 7.

Britain has offered to let spain build a domestic terminal on the spanish side of the frontier, allowing passengers to avoid gibraltar customs if they are not visiting the colony. But it refuses joint control of the airport on the grounds that this would prejudice the its position on sovereignty, which is tied to the wishes of gibraltar's 30,000 inhabitants.

At the same time, sir geoffrey urged the spanish to allow ferry services to resume between gibraltar and algeciras, to relax airspace restrictions for military aircraft and to speed up customs procedures at the border.

King Juan Carlos receives Sir Geoffrey Howe, the UK Foreign Secretary, yesterday

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Takeshita hints to open markets

BY IAN RODGER IN TOKYO

MR NOBORU TAKESHITA, Japan's new prime minister, has warned the Japanese people that they might have to "forbear and endure" unpopular measures aimed at reducing trade frictions with other countries.

In his first policy speech since becoming prime minister early this month, Mr Takeshita said at the opening of a special session of the Diet (parliament) that Japan had to continue working to open its markets if it was to harmonise its economy with the rest of the world.

"There may be times when we will have to ask the people to forbear and endure. However, Japan is one of the countries that has benefitted the most from free trade." He hoped the people would understand that reforms were needed if Japan was to continue to develop.

Takeshita: "forebear and endure"

His comments come at time when Japan is under increasing international pressure to remove barriers against imports of food and drink and to allow foreign civil engineering firms to compete in the domestic market. These are all areas in which domestic vested interests are powerful, making it difficult for the Government to act against their wishes.

On the domestic front, Mr Takeshita said the Government would take steps to ease the acute problem of high land prices in the Tokyo area, and would make another attempt to reform the country's tax system. Last spring, the Government had to withdraw a bill aimed at establishing a value added tax because of widespread opposition.

Mr Takeshita said he believed there was now "a heightened popular awareness" of the need for tax reform and he planned to introduce proposals for consideration next year.

Japan's industrial output rises

JAPAN'S industrial production rose 1.2 per cent in October seasonally adjusted, according to the Ministry of International Trade and Industry, **Ian Rodger reports from Tokyo.** The production index reached 130.7, 8 points higher than in October 1986 (base 100 in 1980).

Miti said nine of the 14 industries included in its survey enjoyed production gains in the month, led by the precision instrument sector where output was up 13.5 per cent. Miti is forecasting a 3.8 per cent rise in the production index in November and a 1.2 per cent decline in December. The underlying upward trend is expected to continue, partly because producers are likely to start rebuilding inventories.

Mr Tolman sees the globe is kept up to date

Deborah Hargreaves reports on the cartographer's work at the world's largest globe manufacturer

MR LEROY Tolman did not blanch when a Texas millionaire asked him for a globe of Texas. It is one of the more bizarre requests he recalls in his career as chief cartographer for Replogle Globes, the world's biggest globe-making firm.

Founded in a basement in 1930 by Mr Luther Replogle, the company saw a mass market develop for its product after the boundary upheavals in the Second World War. Since then, Replogle's marketing push for a "globe in every home" has racked up sales of more than $10m a year.

The company is independently assessed as having a 60 per cent share of the world's globe market.

This presents some delicate problems for Mr Tolman, who is assigned the arduous task of updating Replogle's maps three to four times a year. He has often to tread a diplomatic tightrope over country names and disputed territories.

What he dreads most is a revolution or political event that might change a country's name as he is going to press with a new map, particularly around the Christmas boom period.

Sometimes if a revolution is "iffy" and it's close to press-time, Mr Tolman will have to come down in support of one side or the other. There have been times when this has left him with egg on his face.

He cringes at the memory of a move by former Argentine leader, Mr Juan Peron, to rename the city of La Plata after the first lady, Eva Peron. No sooner was the ink dry on Mr Tolman's maps than Peron was ousted and the name was changed back to La Plata. Inevitably, the company received a lot of letters over the next few months to point that one out.

Mr Tolman says he will usually follow the guidance of the CIA or some other US government agency. However, when the US is out of step with world opinion, he will stick to generally-accepted cartographic rules.

This is evident in his decision to colour the Baltic states of Latvia, Lithuania and Estonia green in line with the Soviet Union's shade, a move that has solicited a large mailbag from advocates of those states' independence. The US government, on the other hand, does not accept their status as part of the Soviet Union and colours them in stripes on its official maps.

However, Replogle is not averse to ceding the odd cartographic point for a large customer. For an order of say, 10,000 globes, customers can have mostly what they want.

Thus Kashmir can appear within India's border on an Indian consignment of globes, though a good portion of it belongs to Pakistan.

Mr Tolman did the same for Japan, which takes a dim view of the way Replogle depicts the Kuril Islands in the same colour as the Soviet Union. On Japanese language maps, they are in Japan's pink.

Nevertheless, Mr Tolman has a thick file of correspondence from the Japan Information Service, underlining Japan's claims on the islands. The most he can do is include a note in brackets which tells globe users the islands are Soviet occupied, but claimed by Japan.

A similar note appears on the Falkland Islands. Here, the Spanish name appears in brackets and Argentina's claims on the territory are mentioned, while pointing out they are administered by Britain. Mr Tolman stresses he coloured the islands pink to match Britain, but by coincidence this is not far off Argentina's pale orange.

Mr Tolman spends much time charting unrest in the world to stay abreast of events that may change a name here, a border there. But he also has to contend with deeply entrenched opposition closer to home.

The West Coast-based Flat Earth Society has addressed a barrage of letters to convert Mr Tolman to its cause, insisting the idea that the Earth is a sphere is "entirely and absolutely false". Mr Tolman is unmoved, but he has produced a square-shaped globe for a company that wanted to use it for packing.

Replogle's plant in a leafy suburb of Chicago makes over 1m globes a year, retailing from $7.95 for a 120mm version to $3,500 for a mahogany-mounted, illuminated model.

Output is largely geared to the busy Christmas market, and from October onwards, the company is so busy it must suspend up to 2,000 globes on an overhead conveyor, giving the place an ethereal feel.

Mr Bill Nickels, who bought the company from Mr Replogle, is confident the market is growing. He is trying to boost the globe replacement market. "A globe is not like a piece of fresh meat, but it is perishable," he says, pointing to the need for a new one every so often. This is where Mr Tolman comes in.

CBI rates plan for businesses rejected

By Paul Cheeseright, Property Correspondent

THE GOVERNMENT has told the Confederation of British Industry that it cannot accept its proposals for a reform of business rates.

However, in a speech to a London conference on business rates from 1990, Mr Michael Howard, the Local Government Minister, argued that some fears expressed by business people about the effect of the Government's plans had been taken to ridiculous extremes.

The Government has already started the first revaluation of non-domestic property since 1973 and will use this as a base for the introduction from 1990 of a uniform business rate.

The CBI put forward alternative rate reform proposals 10 days ago, 22 months after the first green paper on the subject. The proposals are based on the idea that business should contribute to the costs of only those local services which benefit it directly.

"We have had to tell them that those proposals do not accord with our manifesto commitments. Nor would they deliver the clear local accountability which is our primary objective. We cannot therefore accept their alternative," Mr Howard told the conference, which was organised by Political Relations.

The only concession Mr Howard made to the CBI was that the Government would look sympathetically at the possibilities of a continuing form of consultation between local authorities and business under its new system.

He told 125 executives that those who feared a fivefold or sixfold increase in their rate bills were almost certainly wrong by a huge margin.

He said many who feared the worst had not understood that the Government did not propose to raise more in real terms from the new business rate than was raised by the old.

Retailers, with their higher rental values, could expect to pay more. Manufacturing industry was likely to pay less.

Businesses in the north of England and the Midlands would be £700m a year better off, and Mr Howard suggested this would be a major contribution to bridging the so-called north-south divide.

Picking up a familiar theme of attacking Labour-controlled local authorities, Mr Howard claimed that businesses in Manchester, Liverpool and Newcastle upon Tyne could see rate cuts of more than 30 per cent.

Poll tax bill debut date set

By John Hunt

THE CONTROVERSIAL bill for the introduction of the community charge - the so-called poll tax that will replace the present local authority rates - is to be published next Friday.

It is expected it will get a second reading in the Commons in three weeks and go to the House of Lords by Easter.

A tough battle is expected in both Houses but the Government still expects the measure to become law by the summer.

The legislation is intended to introduce the new system for England and Wales by 1990-91 in one go. There will, however, be an exception for higher spending areas of London where it will be phased in over four years.

The poll tax for Scotland has already become law.

Last night Mr David Steel, the Liberal leader, speaking in Rochdale, made a scathing attack on the proposals, saying the tax was designed to be unfair. He claimed it exemplified the Government's policy of protecting the wealthy.

Earlier this week Mr Michael Howard, Local Government Minister, admitted that 3m households might face an increase of more than 50 per cent in local tax bills as a result of the system.

BR fares rise blamed on cuts

By Kevin Brown, Transport Correspondent

BRITISH RAIL is being forced by cuts in government subsidies to increase fares by more than the general level of inflation, the statutory railway watchdog said yesterday.

The Central Transport Consultative Committee, which represents rail users, said BR was unable to meet government financial targets purely through cost savings and improved efficiency.

The committee's comments followed confirmation from BR that fares will rise by an average of 6.5 per cent from January 10. Some InterCity fares will rise by up to 11 per cent.

Mr Lennox Napier, committee chairman, accused BR of using price increases to reduce demand on some services.

Government grants to BR have been cut by 25 per cent over the past three years and are to be cut by a further 25 per cent by 1990.

Raymond Snoddy on half a century of The Dandy and The Beano

Sprucing up Desperate Dan at 50

DESPERATE DAN, the roughest, toughest cowboy in Cactusville, is to be given a facelift at the age of 50. He will still shave with a blow-lamp and eat cow-pie, but from early next year his antics will be printed by gravure rather than the present somewhat smudgy letterpress.

As Dan, who appeared in the first issue of The Dandy on December 4, 1937, would say: "Sufferin' catfish! I don't believe it."

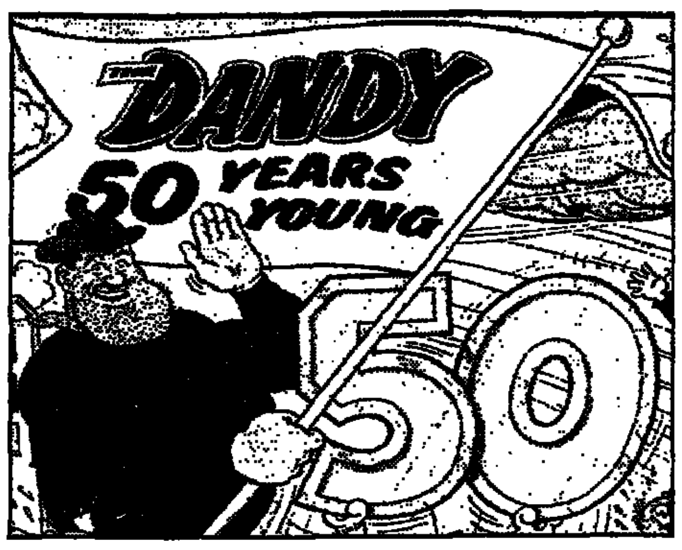
D.C. Thomson, the Dundee-based publisher of The Dandy, which celebrates its 50th anniversary next week, followed by The Beano in July, has decided it is time to improve the quality of the colour printing.

Nothing prissy like shiny-coated paper, of course.

"We don't want The Dandy to look extraordinarily different. We don't want to stray too far from its present tactile feel. And we are not going to in any way change the content," promised Mr Christopher Thomson, one of the many Thomsons involved in the running of the company which is as famous for not allowing trade unions across the threshold since the 1926 General Strike as for its comics.

All those who were not forced to read The Eagle, (current proprietor Capt'n Bob Maxwell) because it appeared so much more respectable to parents than the anarchic Dandy, will find a very familiar world of humour in next week's anniversary issue.

As well as Desperate Dan, Korky the Cat has made it unscathed across the years although now Korky has help from nephews Nip, Lip and RRip and after 47 years on the front cover he had to make way for Dan three years ago.



The rough, tough cowboy from Cactusville rides on

Corporal Clott, the world's worst soldier, has been marching on for 25 years but Keyhole Kate, the only girl character in the original Dandy, ran out of keyholes in 1955 and Black Bob, the champion sheepdog who rounded up crooks smugglers and spies, retired in 1982.

The Beano, which sells about twice as many copies as The Dandy, has changed even less. Dennis the Menace and Gnasher are still in full flight. That tribute to the British class system, Lord Snooty, still wears his top hat although The Bash Street Kids now seem tame compared with the real blackboard jungle.

Yet the fate that has befallen Desperate Dan and Dennis the Menace is no joking matter. The circulation figures for general comics have become smaller and smaller in the age of television and video.

According to Mr Thomson, Dandy and Beano reached their peaks at about 2m each in the late 1950s. D.C. Thomson declines to reveal precise circulation figures but the combined total is believed to be slightly more than 400,000, with the main strength in Scotland and Northern Ireland and, surprisingly perhaps, south-west England.

Mr Bill Rowe, marketing manager of W.H. Smith wholesale division, said yesterday: "The general segment of the comic market is showing a marked decline. Over the past couple of years it's probably dropped between 20 and 30 per cent."

Ominously for D.C. Thomson the one area of the market showing real growth is comics based on television or toy character merchandising, such as Transformers

For Mr Morris Heggie from Perth only Desperate Dan will do.

Mr Heggie, who read every comic he could get his hands on as a child, including the Beano and Dandy, began at D.C. Thomson as a copy boy, and was the scriptwriter for Lord Snooty for seven years before reaching the dizzy heights of editor of The Dandy nearly two years ago.

Everybody, he believes, could write a couple of scripts for The Dandy. The real knack is being able to produce them year in year out and many of the situations portrayed are based on observation.

He once watched his young daughters fill up a paddling pool with icy water and then persuade friends to jump in.

It was turned into an adventure for The Dandy's terrible twins Cuddles and Dimples.

"I love the job. To me those characters are very real and I wouldn't want to leave them," said Mr Heggie, who is 37.

Meanwhile Mr Thomson is planning a Desperate Dan cow-pie party for next year and an increased television advertising budget to persuade more children of all ages to buy the new gravure-printed Dandy.

Early copies of the Dandy and Beano have become collectors' items. A first edition of The Dandy, price 2 old pence, is said to be worth $850.

Thatcher to meet Gorbachev at air base

By John Hunt

THE TALKS between Mrs Margaret Thatcher, the Prime Minister, and Mr Mikhail Gorbachev, the Soviet leader, will be limited to a few hours at RAF Brize Norton in Oxfordshire when the Soviet leader breaks his journey in Britain on December 7 on his way to the US-Soviet summit in Washington.

The participants will not leave the air base during the talks which may be shorter than the three to four hours originally hoped for.

Mr Eduard Shevardnadze, Soviet Foreign Minister, who will accompany Mr Gorbachev, will have simultaneous talks with Sir Geoffrey Howe, Foreign Secretary. The subjects for discussion will include the intermediate nuclear force treaty concluded between the US and the Soviet Union, East-West relations generally and the Gulf situation.

The Government is hoping that the stopover does not prejudice the possibility of a longer visit to Britain by Mr Gorbachev at a later date.

In a speech yesterday Mr Gerald Kaufman, shadow Foreign Secretary, claimed that the INF treaty and the pressure for further nuclear disarmament was an endorsement of Labour's non-nuclear defence policy.

"Reagan and Gorbachev, like Labour, are now nuclear disarmers," he said. "Mrs Thatcher is now a unilateralist nuclear armer."

He said Labour had led the world in arguing for nuclear weapons reductions.

Call to end north-south divisions

By Ralph Atkins

HIGH-SPEED rail links to Europe and a expansion of Manchester airport are proposed in a plan to heal the north-south divide published yesterday.

The Town and Country Planning Association says the concentration of economic muscle in the south of England must be reversed and the north given greater independence if the growing divide is to be reduced.

The association, which lobbies for better planning and the environment, has a membership including local planning officers, businessmen and academics.

The plan, launched simultaneously in London and Manchester, sets out measures to encourage company head offices to move north and to break companies into smaller units.

Mr David Hall, director of the association, said: "We don't want just more jobs in the north, we want the right type of jobs - in the growth sectors of the economy, and a broader range of opportunities for people who live there."

Measures suggested to combat the divide include:

- **Boosting Manchester airport to international status. The proposed merger between British Airways and British Caledonian should be opposed unless the combined group agrees to operate a full range of international flights from the city.**
- **Updating rail links to take advantage of the Channel Tunnel. The association proposes the introduction of a high-speed train allowing passengers to travel between Manchester and Paris in 4½ hours.**
- **Government encouragement for rapid transit systems in northern cities as a contribution to economic regeneration.**
- **Strengthening the powers of the Monopolies and Mergers Commission to stop takeovers if they are not in the interests of the north. Big companies should be required to discuss with the Government how their investment strategies can be tailored to regional objectives.**

The association says central government should recognise the need for strategic regional planning and take steps to counter the flow of skilled workers to the south.

North-South Divide. Planning Bookshop, 17 Carlton Terrace, London, SW1Y 5AS. £5.95 plus 50p p&p.

Construction orders reach record level

CONSTRUCTION orders, already at their highest level since the early 1970s, increased further during the three months to the end of September, Environment Department statistics show.

Orders, excluding the Channel Tunnel contract, were 15 per cent higher than in the previous three months and 22 per cent higher than during the same quarter of last year.

Including the tunnel, orders were 40 per cent higher than in the previous quarter and 47 per cent above a year ago.

Haslam attacks CEGB's coal prices 'fallacy'

BY MAURICE SAMUELSON

SIR ROBERT HASLAM, British Coal chairman, last night entered the debate about the electricity industry by accusing it of perpetrating a "fallacy" over coal prices.

He said: "We keep hearing suggestions that the British electricity industry could save £750m a year if it were 'free' to switch to imported coal in a big way.

"It has recently been repeated so often that it is in danger of becoming an established fact. It is not true."

Sir Robert's remarks were aimed mainly at the Central Electricity Generating Board, which is also embroiled in rows with other parts of the electricity industry over its ownership of the National Grid.

On Thursday, Mr Cecil Parkinson accused the board of scaremongering by raising the spectre of power cuts if the grid were removed from its control after privatisation.

The dispute on coal was provoked earlier in the week by Mr Graham Hadley, CEGB's secretary, who said the benefits of privatising electricity lay in the freedom of purchasing, especially the freedom to buy coal on world markets, which would save up to £750m a year.

On Thursday, the CEGB said it intended to build a terminal on the Solent, on the south coast of England, capable of unloading 8m tonnes of coal a year from oceangoing vessels, a tenth of its current annual consumption.

British Coal's chairman hit back last night when he told Sheffield business people that the CEGB's £750m savings claim was not valid either in the short or long term.

"It has been a principle of our understanding with the electricity industry that to the extent they can import coal from overseas without a large and lengthy investment in new facilities, we will match the delivered price of foreign coal.

"We are continuing to do this and therefore the electricity industry and the consumer are losing nothing in the short term."

In the longer term the argument was even less valid, because the very low current international prices were not sustainable, he said.

The present low international price reflected the gross over investment in developing new mines dedicated to long-haul seaborne trade after the 1973 oil price increases.

But few of those investments were paying off. Coal mines were closing in Europe, in Japan, and Australia.

The CEGB, while claiming it did not seek a confrontation with British Coal, last night stood by its £750m figure. "If we could start again and have a new agreement with the coal industry we would look for savings of that order."

It was referring to the joint understanding under which it pledges to purchase 95 per cent of its coal from British Coal, as long as prices do not rise faster than inflation and an increasing proportion is aligned to world prices.

However, the CEGB acknowledged that the £750m comparison is weakened by the lack of British deep ports for switching mainly to imports. "At the end of the day we prefer to buy British coal," the CEGB said.

TSA to publish revised rule book

BY OUR FINANCIAL STAFF

THE SECURITIES Association hopes next week to publish the final version of its rule book and submit it to the Securities and Investments Board. Final internal approval is expected to be given at a TSA board meeting on Monday.

It is understood that few changes of substance have been made by TSA from earlier published drafts, but the entire conduct-of-business rules have been rewritten to make them less legalistic in form and therefore more easily understood by market practitioners.

Certain minor sections of the rules, including the regime to be applied to corporate finance, have yet to be finalised pending further discussions with SIB.

The financial regulations relating to capital adequacy are believed to have survived more-or-less intact from those included in earlier drafts, despite the severity of October's equity market crash which cast into doubt the volatility assumptions on which the capital ratios had been based.

The enormous daily movements seen in recent weeks have led to arguments that more capital should be employed by firms to back their market positions. However, no London firms failed in the recent crash, and TSA is not proposing any strengthening.

As well as delivering the rules to SIB, TSA will be sending copies to Sir Gordon Borrie, director general of the Office of Fair Trading, who will be checking changes from earlier drafts for their effects on competition.

It is hoped that Lord Young, Trade Secretary, will be in a position to recognise TSA as a self-regulatory organisation under the Financial Services Act by the end of January, when it will be able to commence enrolling member firms.

About 1,000 members are expected to join. Some 400 of these will be existing Stock Exchange member firms, and several hundred more will be international banks and brokers which trade in securities in London but have not found Stock Exchange membership relevant.

Certain other groups will also need to join in order to obtain the necessary regulatory cover. After next April it will become illegal to conduct investment business in the UK without membership of a suitable SRO.

Those other groups will include corporate finance or venture capital companies, some firms in the financial futures market Liffe and a few operations in the so-called over-the-counter market in third-line equities.

A final important group of about 100 potential members will consist of banks that do not qualify for the Bank of England's wholesale market list.

Housing corporation plans to raise £2bn

By Andrew Taylor

THE HOUSING Finance Corporation, an independent investment body established to raise private finance for voluntary housing associations, is expected to make its first issue next week. The corporation plans to raise up to £2bn over the next three years.

The first issue, a package of stocks which could include a zero coupon bond, is likely to be modest, £25m to £50m. A larger issue, of about £100m, is expected early next year.

Housing associations, under proposals in the Housing Bill published this month, will be required to raise an increasing proportion of their funds from the private sector.

The associations provide subsidised rented housing for a wide range of disadvantaged people, including those who cannot afford to buy their own homes, the elderly and disabled. Previously they have been almost totally dependent on government grants for funds.

The bill proposes to encourage greater private investment in housing by removing letting restrictions and permitting rents to rise, allowing investors to get a satisfactory return on their money.

This week Nationwide Anglia, Britain's third largest building society, announced it was planning to lend up to £600m to a joint venture company it is establishing to invest in private rented housing. The money is to be spent over five years.

The Housing Finance Corporation was launched this month by James Capel, the stockbroker, and by Cipfa Services, the commercial arm of the Chartered Institute of Public Finance and Accountancy. It is sponsored by the Housing Corporation which administers grants to more than 2,500 housing associations and by the National Federation of Housing Associations.

The scheme, which the Government hopes will play a leading part in its plans to attract greater private investment in rented housing, may be particularly suited to smaller associations which lack the expertise and do not have the track record to raise private funds in their own right.

The first issue of stocks by the investment body, which is headed by Mr David Hopkinson, retired chief executive of M & G, the unit trust group, is expected to be for a package of up to seven or eight separate housing association schemes, ranging in size from £250,000 to £10m.

Mr Graham Axford, James Capel's corporate finance director, who is advising the corporation, said several large associations were separately considering issuing bonds in their own name.

London Life to explain cut in terminal bonus

By Eric Short

LONDON LIFE Association, the second oldest mutual life company in the world, is contacting all policyholders to explain its recent decision to cut terminal bonus rates, staffing levels and new business growth.

In a letter sent yesterday from Mr Oliver Dawson, the chairman, and Dr John Evans, managing director, policyholders are told some of the reports on the company's position were ambiguous.

The letter gives the reasons for the proposed cut in terminal bonuses which comes into effect next week. London Life increased the bonuses in June to reflect the benefit of the prolonged rise in equity markets.

The proposed cut reflects the October fall, the net effect being to reduce payouts by about 10 per cent.

The letter emphasises that all guaranteed benefits and reversionary bonuses declared in the past are unaffected and that the current reversionary bonus rate is unchanged. The reversionary bonus rate will be reviewed in March to April in the usual manner.

A warning is given that, although it is too early to predict the outcome of the review, a continuing fall in long-term interest rates would inevitably lead to a fall in reversionary bonus rates, not only for London Life but for many other life companies.

London Life, the letter explains, has a conventional distribution of assets for its life funds. Nevertheless, the company's capital base was reduced and it was felt prudent to plan for a lower level of new business.

Philip Coggan analyses Robert Maxwell's links with Elton John's Watford

Football League re-examines its defences

BRYAN ROBSON soars majestically to meet the winger's cross and heads it accurately towards goal. It is caught neatly, not by the keeper but by a bailiff, who confiscates it and marches swiftly off the pitch, shouting: "Sorry lads, but the High Court decided against you this morning."

The scene may be every football club director's nightmare, but not necessarily as far-fetched as it sounds. After all, earlier this year, a report produced by Jordans, a research company, found that 80 out of 92 football clubs were technically insolvent.

Last week's sale of Watford by pop singer Elton John to publisher Mr Robert Maxwell's BPCC threw the problem into sharp relief. It left Mr Maxwell with rather more associations with association football than the game's establishment was willing to tolerate.

Officially, Mr Maxwell's only position in football management is as chairman of Derby County. But Mr John Holloran, chief executive of BPCC, the printing subsidiary of Maxwell Communication Corporation, is the new chairman of Watford, and Mr Maxwell's son Kevin is chairman of Oxford United.

On Thursday, the Football League management committee said that it did not think it "desirable for any individual or organisation, either directly or through nominees, to be in a position or appear to be in a position to influence the management or administration of more than one club."

Mr Maxwell and BPCC are pressing ahead regardless, and the league looks likely to call all the club chairmen together to examine the regulations again. But soccer cannot afford to drive too many investors away.

Mr Jimmy Hill, the television commentator who stepped in to save his old club Fulham earlier this year, says: "Someone has to put resources in to keep the clubs alive, and there's a limited number of businessman who are prepared to do so."

Mr Hill has already found that those businessmen who do become involved do not always have purely footballing interests in mind. He came to Fulham to rescue the club from Marler Estates' plan to develop the Craven Cottage ground as luxury flats and merge the team with its neighbour Queens Park Rangers.

Ironically, in his earlier days as a player, Jimmy Hill was responsible for creating part of today's problems by successfully negotiating the abolition of the maximum wage. Although advertising, sponsorship and televison revenues have increased since then, rival leisure attractions and growing hooliganism have caused soccer crowds to drift away.


Football league rules come between seller and buyer

The last few years have seen a series of clubs drift close to bankruptcy - with the costs of improving safety after the Bradford fire tragedy proving an additional burden.

Even normally cautious businessmen face overwhelming temptations to spend money when they take charge of football clubs. Mr Hill says: "The crowd puts a lot of pressure on the players, managers and directors, and that makes the directors ambitious to succeed. Ambition means expensive transfer fees and high wages for the best players."

Although Mr Maxwell is not alone in owning shares in more than one club - Sir John Moores, the Littlewoods founder, and his family have interests in both Liverpool and Everton - football needs as broad a spread of interested businessmen as possible if it is to survive in its present form.

One way forward, believes Mr Paul White of Hanover Druce, the consultancy firm which brought Elton John and Mr Maxwell together, is for large corporations with strong local connections to put money into clubs. The obvious foreign example is Fiat's ownership of the Italian side Juventus - and BPCC is one of the largest employers in Watford.

But perhaps investing in football will only turn from philanthropy into sound business if the crowds return. Although attendances are 2.5 per cent higher this year, they are still below the breakeven level for many clubs. Improvements are needed on the pitch as well as off it.

Mr Hill suggests: "The answer is in the pattern of the game. People used to come and enjoy the game itself - now the pressure for success often means that the only thing they can enjoy is the result. If there could be more goalmouth incidents, games would be more entertaining and crowds would return."

A few fans on the terraces might say Amen to that.

Firm stand urged on Murdoch and FT

BY TOM LYNCH

A SENIOR Tory backbencher yesterday joined Labour and Liberal spokesman in demanding that the Government should state explicitly that it would oppose any bid by Mr Rupert Murdoch's News Corporation for the Financial Times.

Mr Jonathan Aitken (Thanet East), a former Fleet Street journalist, referred during a debate on press freedom to speculation that Mr Murdoch had increased his 14.7 per cent stake in Pearson, the FT's owner, in the last few days.

If Mr Murdoch bought the FT it would represent "an unacceptable concentration of economic and editorial power. I do hope the Government shares this view - it has been pretty mealy-mouthed in the past," he said.

He dismissed as "an ambiguous piece of waffle" an assurance to the Commons by Mr Kenneth Clarke, Chancellor of the Duchy of Lancaster, on Wednesday that the Fair Trading Act would apply "as it was intended to be applied" in the event of any bid.

When Mr Tim Renton, Home Office Minister of State, reminded him that Mr Clarke had also said he would "have a duty to address the act" if there was an attempt by any proprietor to acquire a controlling interest, Mr Aitken said: "That is not quite crystal clear, but I welcome the note of hope you have introduced into the debate."

Later, Mr Ron Leighton (Lab, Newham North East), who is sponsored by the general print union Sogat, urged the Government to "get away from these nuances," and Mr Malcolm Bruce, Liberal trade and industry spokesman, challenged Mr Renton when he repeated the Government's assertion that any takeover of the FT must, by law, be referred to the Monopolies Commission while the paper continued to be profitable

Mr Bruce said Lord Young, Trade and Industry Secretary, would still have the final say and demanded a Government statement that such a takeover would be unacceptable.

Mr Renton said it was not possible for Lord Young to state his position in any hypothetical case. He assured MPs that Mr Clarke's statement "was very carefully considered

Some Tory backbenchers denied that monopoly power was a problem in the industry and Mr David Shaw (Dover) said successful proprietors such as News International had captured the mood of the British people, who wanted to get away from stories knocking Britain.

Mr Aitken was among several Tory MPs who voiced concern about the "hounding" of members of the royal family and warned the tabloid newspapers that they would have to improve their standards if they were to head off pressure for Government intervention in the form of a statutory right of reply to false and damaging statements.

Government accused over Zircon

By Tom Lynch

ANGRY OPPOSITION MPs yesterday accused the Government of "sneaky and disreputable" tactics for announcing that no-one was to be prosecuted over the Zircon spy satellite affair in the form of a written reply on a Friday afternoon, when few MPs are at Westminster.

Sir Patrick Mayhew, the Attorney-General, said in the written reply: "Having considered with the Director of Public Prosecutions all the relevant factors, including in particular the public interest, I have decided not to institute criminal proceedings in respect of any disclosure that has been reported to him of information in relation to Project Zircon."

The existence of the Zircon project - which was abandoned by the Government in August - was disclosed last January by Mr Duncan Campbell in a New Statesman article and the BBC dropped a programme about the project.

The Glasgow headquarters of the BBC, the New Statesman offices and Mr Campbell's home were all raided by the Special Branch. All but one of the documents removed during those raids have now been returned.

In a series of points of order at the end of yesterday's Commons business, Labour and nationalist MPs protested that Sir Patrick ought to have announced his decision in a statement to the Commons, enabling MPs to question him on the issue.

Mr Roy Hattersley, shadow Home Secretary, said in a statement: "The way the Government has made this significant announcement has only added to the mystery of the case." He also accused the Government of "bullying" people it could not sue.

Editor calls Spycatcher ban 'intolerable'

FINANCIAL TIMES REPORTER

THE COURT BAN on press reporting of Spycatcher, the memoirs of Mr Peter Wright, the former MI5 officer, was an intolerable restraint on the public's right to know, Mr Donald Trelford, editor of The Observer, told the High Court yesterday.

"It cannot be that reporting on Spycatcher in The Observer could cause any further damage: the cat is well and truly out of the bag," he said.

Mr Trelford was giving evidence before Mr Justice Scott in reply to the Government's action for a permanent ban on reporting of material from the book, which has already sold one million copies worldwide.

The editor accused the Government of trying to bully newspapers. "It is an important part of the function of the press in a free society to check on abuses of power," he said.

"I would not exclude the security services from such debate and scrutiny if sufficiently serious abuses came to light, as is the case following publication of Mr Wright's allegations, especially where (as in this case) the suspicion must arise that action is being taken against the press to hush the matter up and save the Government embarrassment."

Mr Trelford said that any damage to national security which Sir Robert Armstrong, the Cabinet Secretary, had feared before publication of Spycatcher must now have occurred.

The Observer, he said, had always tried to gather and publish information on important topics of public interest. It had been an article in The Observer which alerted the Government to the fact that Mr Wright was planning publication of his memoirs in Australia.

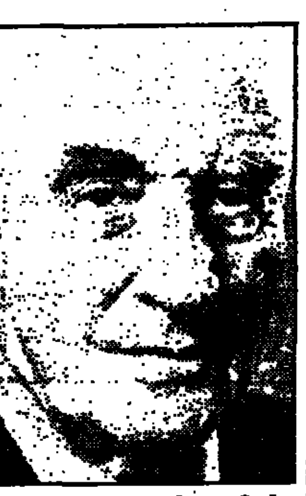
Mr Wright had made out a "sufficient case" to merit further public scrutiny of important matters. It was worrying in itself that a man so unsuited to security work should have reached high office in MI5.

Cross-examined by Mr Robert Alexander QC, for the Attorney General, Mr Trelford said he was extremely concerned about the use of "prior restraint" on newspaper publication and the increasing practice of the Treasury Solicitor in writing to editors seeking undertakings about what their papers would print. This, he felt, was alien to the British system.

The Government was quite right to try to keep its secrets secret and to resort to the law if necessary in the last resort, Mr Trelford said. However, what the Government was now trying to do now "defies all logic".

Mr Peter Preston, editor of the Guardian newspaper, told the court that the Government had used the court ban to prevent publication of, or inquiry into, "very important allegations."

Even before Spycatcher had become available worldwide, the Government's claim for a publication ban had not been convincing, Mr Preston said.


Peter Wright: author of the banned book.

The hearing will resume on Monday.

Babcock boiler-making arm attracts interest

BY NICK GARNETT

A NUMBER of companies have shown an interest in purchasing the Babcock power station boiler-making business from FKI Babcock.

Mr Tony Gartland, chief executive of FKI Babcock, the group formed out of the recent purchase of Babcock by FKI, said this week that the Babcock power generation business would be sold if a good offer was made for it.

Northern Engineering Industries, the only other UK manufacturer of boilers for power stations, said yesterday that it had been in discussions with FKI Babcock about the purchase of the power generation business. It is thought that those talks are continuing.

However, FKI management has indicated that a gulf exists between what prospective purchasers are prepared to offer and what FKI believes the business is worth.

GEC, which manufactures turbines for power stations but has no boiler-making arm, tried to purchase Babcock's boiler activities shortly before the FKI takeover.

The stumblingblock was price. Babcock was believed to want about £90m but GEC was prepared to offer only £40m-£50m.

Order for Aberdeen yard

BY KEVIN BROWN

HALL RUSSELL, the privatised Aberdeen shipyard, has won a £19m order to build a supply ship for the South Atlantic island of St Helena, the Government said last night.

The ship will carry 125 passengers and up to 1,500 tonnes of cargo, including diesel fuel for the island. It will replace the existing 24-year-old ship in 1990.

The Overseas Development Administration said the ship would link St Helena, the UK, Tenerife, Ascension Island, and Cape Town.

Staff cuts as Acorn drops custom market

By David Thomas

ACORN COMPUTERS, the Cambridge computer company, is shedding a sixth of its workforce and pulling out of the customised market where it had been trying to expand during the past year.

Acorn has decided to abandon its attempt to sell more of its goods as custom-made products for specific end users, because its success in that field has fallen short of expectations.

However, the company will continue its contract with Reuters, the international news agency, the only such deal it has in that area.

The decision to leave the customised market, which will mean a loss of 50 of its 300-strong workforce, has been taken after a review of Acorn's activities following the unexpected departure of Mr Brian Long, the company's managing director, a month ago.

Mr Long had been particularly identified with Acorn's push into the customised market, but the company has refused to comment on his reasons for leaving.

Development agency to set up regional offices

BY JAMES BUXTON, SCOTTISH CORRESPONDENT

THE SCOTTISH Development Agency is to establish regional offices in the main Scottish towns as part of a reorganisation to make the agency more responsive to local demand.

The agency works for the regeneration of the Scottish economy, and the reorganisation is being carried out by Mr Iain Robertson, who became chief executive in September.

The SDA has also adopted a new corporate strategy. Although it will continue to provide its present range of services, from the reclamation of derelict land to venture capital investments, it will concentrate on four main policies.

They are: ensuring that Scottish companies keep up to date with new technology; fostering Scottish enterprise by assisting business start-ups and expansion; encouraging companies to compete in international markets; and urban renewal.

The agency has offices throughout the southern half of Scotland, but only the Aberdeen office is a fully-fledged regional office, for north-east Scotland.

Sir Robin Duthie, agency chairman, said yesterday that people often thought that SDA stood for Strathclyde Development Agency, since so many of its activities appeared to be concentrated in Strathclyde region, the area around Glasgow where about half the Scottish population lives.

The agency is to establish two directors, one for western Scotland and one for the east. The west of Scotland director will have three regional directorates under him for different areas of Strathclyde. His eastern counterpart will have four regional directorates, responsible for north-east Scotland; Tayside and Fife; Edinburgh and Lothians; and the Borders, Dumfries and Galloway.

Two directorates with specialised or strategic functions will remain at the SDA's head office in Glasgow to deal with industry and enterprise development, and with property services and urban renewal. Finance and other services will continue to be at head office.

Harland and Wolff losses to double

BY KEVIN BROWN

HARLAND AND WOLFF, the state-owned Belfast shipbuilder, is expected to announce operating losses of just under £58m next week, compared with £26.8m last year.

The loss is believed to include more than £25m to cover the cost of 1,300 redundancies between January and September, which reduced the yard's workforce to 4,000, compared with 6,600 in 1983.

In addition, Harland has faced unexpected losses on the conversion of a commercial container ship for an aviation training role with the Royal Navy, and on a sophisticated drilling ship for British Petroleum.

The company is believed to be claiming more than £10m from the Defence Ministry to cover extra costs on the aviation training ship, some of which are said to result from design changes insisted on by the Navy.

The BP ship is understood to have been delayed by late delivery of an essential main switchboard by a sub-contractor, leading to a change in the construction schedule.

In common with other European shipyards, Harland has switched its marketing efforts towards more sophisticated ships over the last three years to avoid direct competition with low-cost yards in the Far East.

The company has invested heavily in computer-based design and planning systems, high-technology construction equipment, and trained staff, but has been unable to win any new orders.

Harland is believed to be discussing an order for a large cruise ship, and is pursuing further MoD contracts, including steelwork in connection with the modernisation of the Royal Naval Armaments Depot at Coulport, in Scotland.

At least one major order will be required in the coming year if the yard is to avoid further redundancies, which could reduce the workforce to around 2,500.

Meanwhile, Harland is expected to point to its improving record in relation to British Shipbuilders, the other major nationalised shipbuilder, as a justification for continued government support. BS lost £148m at the trading level last year.

Like other shipbuilders, Harland hopes for a big increase in demand from 1990 onwards, when a large part of the world fleet will need to be replaced.

If the forecast boom happens, capacity cuts in Europe and Japan should help to raise prices to profitable levels.

Rescue package ready for microchip company

BY JAMES BUXTON, SCOTTISH CORRESPONDENT

A £7.5m RESCUE package was last night completed for Integrated Power Semiconductors, a Scottish-based microchip company, which went into receivership two and a half weeks ago.

Seagate Technology, a California-based company which is a major supplier of disk drives for small computers, is taking a controlling stake in a new company which is buying the assets and business of IPS from the receivers.

The other new investors are the Scottish Development Agency, which lost £2m when IPS went into receivership, the Bank of Scotland, which will also provide additional debt financing, and a management group from the company. The deal means that about 150 jobs have been saved at Livingston in West Lothian.

IPS, which was run by a team of US executives, but financed by British venture capital, went into receivership after the original investors, led by Invest in Industry (3i), refused to advance more funds. It has absorbed about £20m since it was launched in 1984, of which about £4.75m came from 3i.

Big majority for merger likely

BY PHILIP BASSETT, LABOUR EDITOR

EARLY SOUNDINGS among union members voting on the merger of the white-collar Tass and ASTMS unions are showing a large majority in favour of the move.

Initial voting returns from the ballot of the two unions' combined membership of 630,000 are said to be running at about five to one in favour of the proposal. Such a result, if confirmed, would secure the future of the merged union, called Manufacturing, Science and Finance.

Voting in the two unions closes next week and the result is due to be declared on December 7.

A substantial vote in favour of the amalgamation by such a large margin would be welcomed by the leaderships of the two unions, which have campaigned heavily in favour of the merger.

It would create one of Europe's largest unions, and both Mr Ken Gill and Mr Clive Jenkins, general secretaries of Tass and ASTMS respectively, believe it would draw in other unions for further mergers.

The two unions have been making a joint approach to a large number of other unions, offering talks on future working relationships, and promoting hard the advantages of the economies of scale offered by the new, merged union.

Because of what they see as political differences between the memberships and leaderships of Tass and ASTMS, right-led trade unions have been strongly opposed to the merger.

However, even union leaders on the right now acknowledge that the merger will go ahead, and are likely to start to concentrate their efforts in trying to prevent any further unions joining the venture.

MSF will offer a considerable industrial logic and coherance, since many members of its two constituent unions work in overlapping areas and occupations.

The formation of the merged union may also affect company bargaining structures, with the prospect for employers of much more simplified bargaining, based on the single MSF union.

John Gapper reports on the implications of the TV-am dispute

Union case slips down the ratings

INDUSTRIAL conflict at two Independent Television companies continued yesterday with no sign of a solution to the separate disputes over working practices.

TV-am, ITV's breakfast television company, said that it had no plan to take back 229 technicians whom it locked out on Tuesday morning for taking industrial action in protest at manning levels for a Christmas campaign.

Members of the Beta clerical and studio staff union met at Tyne Tees where 34 electricians have been dismissed by the company for going on strike in protest at the sacking of three colleagues for not working normally.

Members of the ACTT technicians union are balloting on whether to work normally if managers operate lights in a studio in place of electrians from Monday. The company has said it will regard a refusal to work normally as industrial action.

"RATS" declares the tabloid newspaper headline pinned to a board outside TV-am's headquarters in Camden, North London. In a motor caravan parked near by, Mr Tim Wight is resigned to having an image problem.

"The public relations battle is a no-hoper for us. We might as well forget it," he reflects gloomily. Mr Wight, ACTT technicians' union shop steward at TV-am, is becoming used to criticism of his 229 members from various quarters.

Wherever they look, television staff are in trouble. For some newspapers, it is enough that the locked-out TV-am technicians have well-paid jobs, have disrupted a Caring Christmas campaign and have removed Anne Diamond from the airwaves.

But disapproval extends beyond the media. The Prime Minister has called television the last bastion of restrictive working practices, and the Home Office is trying to force ITV companies to change the ways of their workers.

The political pressure is having its effect, according to Mr Wight. He says: "Bruce Gyngell (TV-am's managing director) is obsessed with the franchise. He talks about it all the time, and he seems to think he has to kick us in the teeth to keep it."

Harsh words are not the only outlet for the Government's frustrations. It intends to shake up the industry by increasing competition - offering 25 per cent access to the network for independent producers, and opening the way for satellite and cable television.

The dismissal of 34 striking electricians at Tyne Tees and the lock-out by TV-am of 229 technicians indicates a new willingness by ITV companies to plump for the devil of industrial confrontation rather than sticking with the deep blue sea of complacence.

At the heart of Independent Television working practices is the ITV companies' national agreement with four staff unions - the ACTT, Beta (clerical and studio staff), the EETPU (electricians) and the NUJ (journalists).

This was first negotiated in 1958, when most programmes were made in multi-camera studios according to strict timetables. To gain the freedom to roster staff up to 14 hours a day, seven days a week, the ITV companies made some unusual concessions.

These included multiplying penalty payments to staff when fixed meal and shift breaks were not observed, and "golden hours" clauses, under which night-time work attracted payments of up to five times the basic rate.

Thirty years later, some ITV companies argue that production requirements have changed so much that the agreement is badly out-of-date. Tyne Tees and London Weekend Television have signalled that they would like to pull out.

But others say that the blame for excessive staffing costs lies more with the local deals which have been built on top of the national agreement. These deals - described by one senior executive as "embroidery" - fix crewing levels.

The irony is that neither Tyne Tees nor TV-am is the most obvious company for a show-down with unions on working practices. The ones seen as suffering most from the proliferation of local deals are the "big five" - Thames, LWT, Central, Yorkshire and Granada.

That may not matter any more as the twin disputes enter their second week and take on an increasing symbolic significance. Mr David Davidovitz, director of operations at TV-am, says: "It may well be that other people will look at us and say: 'They are taking it on the chin, why don't we?'"

Tyne Tees is also conscious of the wider implications of its dispute. The company presented a paper to staff unions earlier this year which argued that "our staff costs are too high - despite being amongst the lowest in ITV."

It concluded that there were "stark choices ahead." One of the starkest will come on Monday if ACTT technicians and Beta staff decide not to work with mangers who turn on studio lights in place of the dismissed electricians.

Tyne Tees has said it will consider sacking them in turn, leaving only its journalists still at work. The company has already told the electricians that it will only take them back if they agree to broad changes in working practices.

On the TV-am picket line, the technicians fear too that they are getting caught up in a larger struggle. Mr Wight views the prospect disconsolately: "God, I hope not," he says.

Post talks may pave way to settlement

By Jimmy Burns, Labour Staff

THE PROSPECT that Christmas mail might be seriously disrupted by industrial action receded yesterday following talks between union leaders and the Post Office.

Mr Alan Tuffin, general secretary of the Union of Communication Workers, said after his first personal intervention in his union's two weeks of talks with the Post Office both sides had made concessions.

Mr Tuffin said he believed yesterday' talks could have paved the way for a settlement next week. "I think an agreement is now in front of us," he added.

The Post Office said it believed there was now a "willingness on both sides" to reach an agreement by Tuesday when the UCW is due to decide whether the threatened industrial action goes ahead.

Mr Tuffin had earlier issued the Post Office with the Tuesday deadline, warning that his colleagues were showing increasing frustration with the apparent lack of any substantial progress.

The talks, which are expected to continue during the weekend, are aimed at drawing up a package of efficiency improvements and measures to improve quality of service which could pave the way for a cut in the working week.

Mr Tuffin said yesterday that the Post Office had indicated for the first time that there could be circumstances where in principle they would be prepared to meet the postmen's demands for a reduction in their working week.

In return, Mr Tuffin said that he was prepared to consider the Post Office's requirements for a more performance- related bonus scheme.

TNT staff vote to settle

ABOUT 5,000 drivers employed by TNT, the Australian freight transport group, voted yesterday by a 2-1 majority to accept a revised pack and conditions package.

The drivers, all members of the TGWU transport union, had earlier this month threatened to stage a national strike. But union leaders said yesterday that the company had agreed to substantially improve holiday entitlement and other allowances.

A.G.Stanley reorganises

A.G. STANLEY has reorganised its senior management. **Mr Roger Regan**, group managing director, will head the products division, including Fine Art Wallcoverings and Ripolin Paint; **Mr Peter Wood**, main board director, will be responsible for the retail division, covering nearly 400 FADS and Decor 8 stores; **Mr Don Brown**, main board director, will direct the central services division. **Mr Peter Kirby** has been promoted from FADS northern divisional director to managing director of FADS. **Mr Mel Priestly**, Decor 8 northern regional manager, is promoted to managing director. **Mr Pat Harms**, director and group accountant, becomes director and group chief accountant, central services. **Mr John Bernard**, FADS southern divisional director, is appointed group marketing and buying director. **Mr John Noble**, property manager of Jacoa, becomes group property director. **Mr Harry Adams**, formerly buying director of FADS, takes a new post as director of distribution and Ripolin Paints. **Mr Harry Morgan** continues as managing director of Fine Art Wallcoverings.

★

Mr Colin McKenzie has been appointed to the board as group-commercial director of MATTHEW CLARK AND SONS (HOLDINGS). He will assume main board responsibility for I.H. Baker Wines and Spirits Pty., Matthew Clark's Australian subsidiary. He remains group distribution director and a director of The Sealark Transport Co.

★

Mr Alan Thompson, chief executive of MORNINGTON BUILDING SOCIETY, has been appointed to the board.

★

STANDARD CHARTERED has appointed **Mr R. Altringham** as general manager with responsibility for credit control. He was controller, international banking division.

★

Following the merger of Goodman Fielder, Australia, and Wattie Industries, New Zealand, to form a new company GOODMAN FIELDER WATTIE, former Wattie chief executive **Mr Cliff Lyon** has been appointed London-based chairman of Goodman Fielder Wattie PLC, the UK subsidiary. **Mr Noel Robertson** becomes Singapore director of Goodman Wattie (Asia), and joins the main board. **Mr Don Budden** and **Mr John Graham**, in addition to senior Goodman Fielder executive **Mr John Keniry**, also join the main board. From February 1 the company will be grouped into ten autonomous business groups.

SRI INTERNATIONAL, formerly Stanford Research Institute, has appointed **Mr Peter Farror** as director, public relations and marketing services at its European headquarters in Croydon. He was client services director for Lonsdale Allen, Bath.

★

The general manager of LEE VALLEY WATER COMPANY, **Mr James F. McGown**, has been appointed a director. He became general manager and company secretary in 1984.

★

The council of THE INSTITUTE OF CHARTERED ACCOUNTANTS OF SCOTLAND has nominated **Mr J.P.(Ian) Percy** for election as junior vice-president to take office on April 8. The current junior vice-president, **Mr Gordon S. Lowden**, and the senior vice-president, **Mr Frank F. Kidd**, will, subject to election, become senior vice-president and president respectively for 1988/89. Mr Percy is London group managing partner of Grant Thornton.

★

Ms Clare Whitley has been appointed group treasurer of UNIGATE from December 31. She was vice-president- finance at Unigate Inc.

Contracts

Digital dealer system

The Bank of New Zealand has ordered a dealer system for its Auckland and Wellington offices from **BISHOPSGATE INFORMATION SERVICES.** The order, worth £1.2m, is for what is believed to be the largest digital dealer system yet to be installed in Australia and New Zealand.

The system is to be installed and operational in the bank's financial markets division by the first quarter of next year. The majority of positions will be installed at its Wellington headquarters with the balance at its Auckland office, which deals with the domestic money market.

Using Broadcast's broadcast technology, data is continually distributed throughout the system and can be retrieved in a subsecond without any degradation in response at times of peak demand. With a digital data feed, the system makes it easy for dealers to configure and reformat information on screen and requires considerably less cabling than conventional video systems.

Cabling between the information services and workstations is also reduced to a minimum by the use of an Ethernet LAN between servers and transmitters. Bishopsgate's Broadcast interface connects each transmitter to its group of workstations.

V. & R.BUXTON has signed an agreement with Marubeni UK Development, part of the Japanese Marubeni Corporation, for a joint luxury housing venture at Highgate Village, north London.The £4m development, to be called Marlborough Mews, is aimed at the upper end of the property market, and will include a swimming pool, sauna and recreation area. Houses will sell for up to £315,000 each and flats for up to £195,000. Work has started on the site at Stanhope Road. The eight four-bedroomed houses, and eight two-bedroom flats will be of traditional construction. An existing house on the site will be converted to two two-bedroomed flats. Properties will be available for sale from the spring. The scheme was originated by Buxton Homes and will be carried out as a design and build contract by Buxton Building Contractors.

Record overtime leads to 8% earnings rise

THE underlying rise in the level of earnings to December is likely to be 8 per cent, reflecting a record level of overtime, according to a background report by Greenwell Montagu Research.

The report suggests that there could be further rises in the underlying level of earnings growth in subsequent months

It points out that, in the six months ending September 1987, an average of 12.6 hours per week overtime were worked compared to a figure of 11.9 for the previous six months.

It says that the stock market crash is unlikely to depress pay increases, taking into account the background of the continued buoyancy of British industry evident from recent CBI surveys.

Scottish teachers vote for political fund

BY JIMMY BURNS

THE Educational Institute of Scotland, the union representing the majority of Scottish teachers outside universities, yesterday became the first teachers' union in the UK to vote in support of setting up a political fund.

Mr John Pollock, the EIS's general secretary, said the initiative was of "enormous significance" to teachers throughout the UK and would encourage other white-collar union to do the same.

However, there was no immediate indication that any of Britain's other major teacher unions sees a necessity to adopt a similar strategy to press its claims against the Government.

The EIS decision to set up a political fund will in practice allow it under current legislation to finance more directly its campaigns against the Government's policies, particularly on education.

Mr Pollock, whose is a member of the Labour Party and former chairman of the TUC, said his union would remain pluralistic and denied that the fund would take Scottish teachers towards a formal alliance with parties opposed to the Government.

However, he accepted that his traditionally non-partisan union had become "radicalised" during a protracted pay dispute lasting from 1984 to early this year.

The decision to set up a political fund was also taken in an effort to avoid future court cases being taken against the union by individual unions under the Trade Union Act.

This bars any union which does not have a political fund from financing an election campaign against a party or candidate on a political issue.

Only partial backing for Job Centres strike

BY JIMMY BURNS

A ONE-DAY national protest strike against the Government's Youth Training Scheme by members of the CPSA civil servants' union yesterday closed a majority of unemployment benefit offices and Job Centres in Scotland and north west England but had limited repercussions in the rest of the UK.

The CPSA publicly described the strike as a "promising start to a campaign that is bound to be of long duration."

Privately however some officials of the union said the partial support for the strike, and its virtual failure in London and the south east represented a political defeat for the hard-left majority on the CPSA executive dominated by Mr John Macreadie, the assistant general secretary.

Earlier yesterday Mr John Ellis, the CPSA's general secretary, who is politically opposed to Mr Macreadie, urged a membership rally in London to opt for moderation and not to rule out further negotiations with the government.

He indicated that he did not believe the circumstances were ripe for uncompromising industrial action."We're not sure where to go from here because we don't know how many members are prepared to give us support...just to take industrial action will not be successful," Mr Ellis said.

Mr Norman Fowler, the Secretary of State for Employment, described yesterday's action as "totally unacceptable". He said the Government was committed to the major YTS provisions nationwide.

The strike was adhered to by just over 8,000 of the CPSA's 30,000 member section within the DoE. The strikers claimed that YTS was a "cheap labour scheme" that was being used to replace jobs inside the Civil Service.

Ladbroke 'rejects ballot'

BY OUR LABOUR STAFF

THE TGWU transport union said yesterday that Ladbroke Group had declined its challenge to allow a staff ballot to determine trade union recognition.

ACTSS, the TGWU's white-collar section, had offered publicly to drop its campaign to organise workers in Ladbroke's betting shops if a ballot showed lack of support.

However, the union said yesterday that Ladbroke had responded against the initiative. As a result, ACTSS had reiterated that it had "every intention of pressing the matter to a final conclusion."

Mr Brian Cox, TGWU liaison officer, said Ladbroke staff had been enthusiastic about the ballot idea.

Personal

"Oh What a Jolly Thing to Be

A babe announced in the FT Charlotte Lucy Jennifer McGowan born in the Royal Free on Friday 30 October. Marian is mum, Micheal father, Judith, Timothy, Alice, Giselle are all frightfully pleased as well."

Legal Notices

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION

NO.006323 OF 1987

IN THE MATTER OF LEYLAND DAF LIMITED
-and-
IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on the 3rd November 1987 presented to Her Majesty's High Court of Justice for the confirmation of the reduction of the share capital of the Company from £890,000,000 to £126,477,073

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before the Honourable Mr Justice Peter Gibson at the Royal Courts of Justice, Strand, London, WC2A 2LL on Monday the 7th day of December 1987

ANY Creditor or shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the reduction of the capital should appear at the time of hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requiring the same by the undermentioned Solicitors on payment of the regulated charge for the same.

Dated this 25th day of November 1987
Clifford Chance,
Blackfriars House,
19 New Bridge Street,
LONDON EC4V 6BY

Ref: RWC

Solicitors for the Company

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
No. 006293 of 1987
IN THE MATTER OF WPP GROUP PLC AND
IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on the 2nd November 1987 presented to Her Majesty's High Court of Justice for the confirmation of the cancellation of the Share Premium Account of the above named Company amounting to £211,089,998.
AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before the Honourable Mr Justice Gibson at the Royal Courts of Justice, Strand, London, WC2A 2LL on Monday 7th day of December 1987.
ANY creditor or shareholder of the said Company desiring to oppose the making of an Order of the confirmation of the said cancellation of the Share Premium Account should appear at the time of hearing in person or by Counsel for that purpose.
A copy of the said Petition will be furnished to any such person requiring the same by the under mentioned Solicitors on payment of the regulated charge for the same.
Dated this 25th day of November 1987
Gouldens Easton,
9/10 Sheffield Street,
London
WC2Y 2EY
Tel: 01 404 4701
Solicitors for the above named Company

FINANCIAL TIMES

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Telephone: 01-248 8000

Saturday November 28 1987

Exchange rate confusion

How many exchange rate policies does the Government have? More than one, it would appear from remarks of the Prime Minister and the Chancellor of Exchequer, whose differences of emphasis suggest important differences in underlying approach.

In her interview with the Financial Times published on Monday, the Prime Minister not only rejected membership of the exchange rate mechanism of the EMS, but denied that there was a commitment to a specific range against the D-Mark. It is one thing to run your exchange rate near to a particular band for a while, she noted, but "everyone knows that you are not constrained by that band and you can come off it today or tomorrow if you wish."

By way of contrast, in his speech at the Mansion House on 4 November 1987, the Chancellor remarked that there should be no "doubt of our commitment to maintain a stable exchange rate, with the rate against the deutschemark being of particular importance." But what is the value of a "commitment" that one can abandon "today or tomorrow?"

There are two quite distinct arguments for managing exchange rates. One is that a firmly fixed exchange rate can give a nominal anchor for the economy. The second is simply for exchange rate management. The rate is adjusted, as required, to ensure consistency with important nominal prices. The role of the authorities is to reduce unnecessary instability in the real exchange rate by speculating against destabilising speculators.

Classic story

The failure to make a firm commitment gravely undermines the force of the policy. So the Prime Minister's opposition to the exchange rate mechanism of the EMS is, indeed, important. At the same time, it permits flexibility. A question raised by the discussion in the National Institute Economic Review, published this week, is whether that flexibility should be used to lower interest rates and perhaps the exchange rate further.

Throughout 1987 monetary policy has been bedevilled by the contradictory indications given by the exchange rate, on the one hand, and the growth of credit, money and GDP, on the other hand.

It has not been difficult to construct a classic story of monetary disequilibrium, since the ratios of most monetary aggregates to nominal GDP in the UK are now at or above the levels reached in 1974. Furthermore, the expansion has been associated with rapidly rising asset prices and above trend economic growth, both symptoms of disequilibrium.

Nevertheless, the differences between the two periods look more persuasive than the similarities. It is difficult, therefore, to fault the Chancellor for avoiding a monetary policy, dictated by possibly temporary domestic monetary conditions, whose effect would have been to make sterling the strongest currency in the developed world. A monetary policy giving stability in the exchange rate against the D-Mark has looked a sensible compromise.

Overall productivity

Have developments since the *stock market crash changed that* calculation?

The first consideration is that growth in 1987 will be about 4 per cent, while the Treasury projects 3 per cent growth in the non-oil economy next year. The National Institute expects the rate of growth to fall to 1.5 per cent in the year from the fourth quarter of 1988 but such pessimism is not unprecedented and may prove unjustified.

Second, earnings growth has inched up to 8 per cent a year, while the trend growth of overall productivity is unlikely to exceed 2½ per cent, suggesting that it may be difficult to keep the rate of inflation below 5 per cent a year in the long term.

Finally, rates of interest need to be kept positive in real terms if the liquidity now in the economy is to be willingly held.

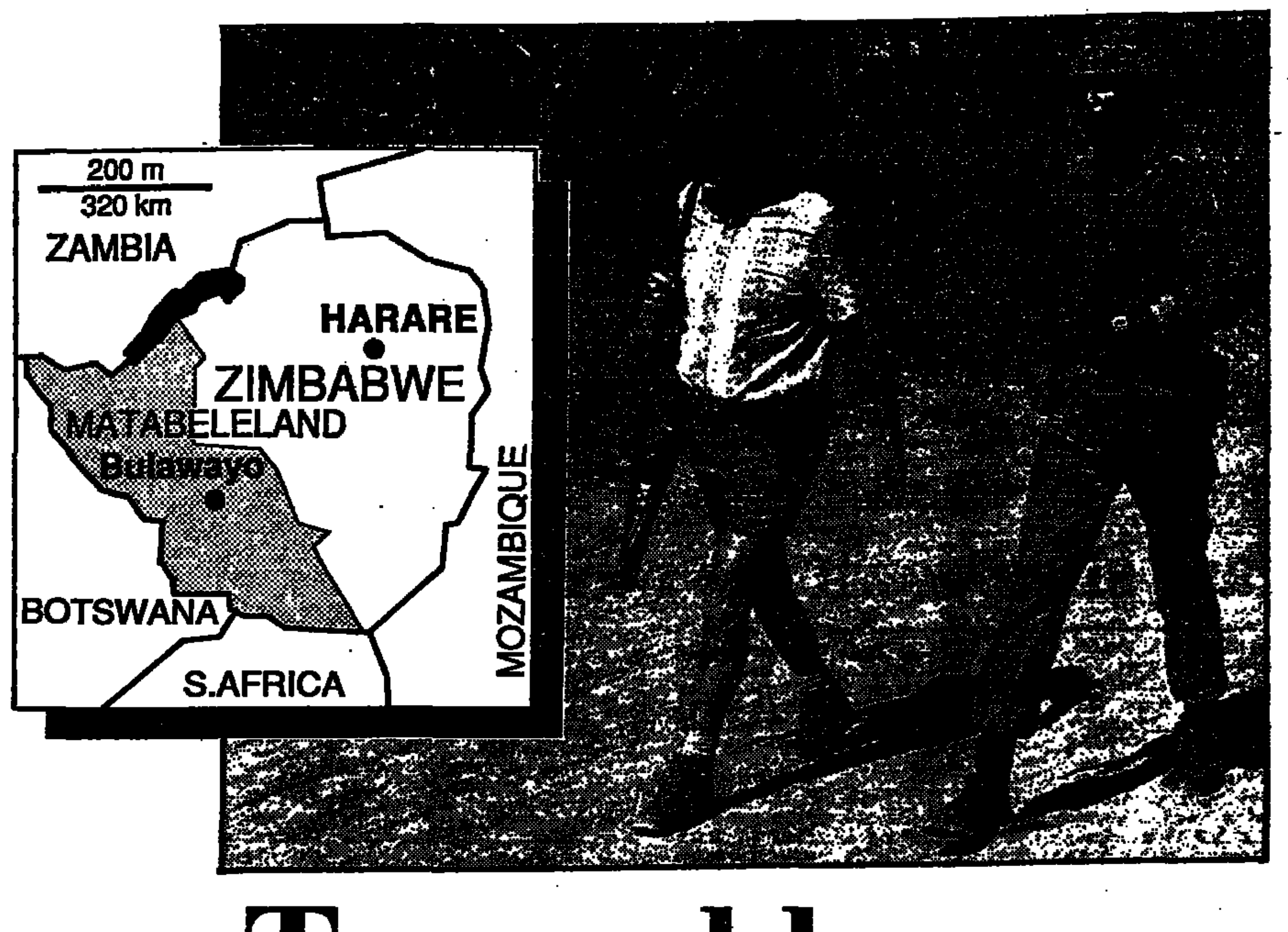
All this suggests considerable need for caution. Yet the government has a margin of manoeuvre. Real rates of interest before tax are in the 4 to 5 per cent range. The pound has appreciated since the beginning of 1987 by 9 per cent against the D-Mark. Interest differentials vis-a-vis West Germany are more than 5 per cent on short term money.

Certainly, there is little argument for maintaining interest rates at levels that make sterling strong against the D-Mark, especially since unsterilised reserve accumulation can itself be an important source of monetary expansion. There should not be too great concern if gains against the D-Mark experienced so far this year are reversed. It may be possible for the Chancellor to make a contribution to international economic cooperation by cutting interest rates a little, though it is not surprising that he wishes to preserve his options for that occasion.

The firm exchange rate link has much to recommend it. The concept should not be abandoned just because the Prime Minister opposes it but if the Treasury continues to interpret the licence to flexibility flexibly, the confusion may even turn out to be useful.

Victor Mallet visited Matabeleland shortly before this week's massacre. He describes the lonely life of the local white farmers

Trapped by a shadowy war



THE SLAUGHTER of 16 unarmed people near the southern city of Bulawayo is a brutal reminder that more than seven years after Zimbabwe's battle for independence ended a different war continues, waged by bandits without a clear cause.

Zimbabweans have been horrified by the murders at a cooperative farm run by lay missionaries. Most of the 16 whites killed were women and children who were hacked to death by the raiders.

Missionaries and farmers were in the front line of the guerrilla struggle which brought Mr Robert Mugabe to power in 1980, the former caught between conflicting demands of the guerrillas and the white government, the latter playing a vital role as part time members of the security forces.

The transition from Rhodesia to Zimbabwe did not, however, bring peace to the south western province of Matabeleland.

The "dissidents", as Mr Mugabe's government terms the rebels, may sometimes be motivated by revenge, as seems to be the case with the latest incident, which followed the eviction of squatters from a mission farm. More often it reflects a long-standing political feud between the Ndebele people of the province and the country's *Shona majority who dominate* the government of Prime Minister Robert Mugabe.

Whatever the motives, the isolated missions and farmsteads are once again in the front line. For the white farmers of the province - unlike their counterparts in the rest of the country, where peace returned - the rituals of self defence remain part of daily life, as a recent trip to Matabeleland illustrated.

Earlier this month, I visited the Kirby family on their cattle farm about 100 km (64 miles) west of the farms where the killings took place.

When the Kirbys have the neighbours round to their farmhouse for dinner the sideboard is cluttered with a large selection of pistols and automatic rifles.

Mr Ted Kirby, 63, favours an Uzi submachine gun which can be manoeuvred easily in the confined space of a car in case of ambush. His 57-year-old wife Jean goes armed with a revolver to supervise the first milking of the cows before dawn. Militiamen assigned to the farm by the authorities accompany the Kirbys wherever they go.

Their dairy farm is also threatened by one of the worst droughts in living memory. It would be an understatement to say that times are hard in this *corner of Africa, for white com*mercial farmers and black cattle-owners alike.

Since 1982 more than 50 white farmers and members of their families (and several tourists) have been shot dead by "dissidents" in Matabeleland and the neighbouring province of Midlands. This is many more farmers than were killed in the region during the war which led to independence. The number of black Zimbabwean victims of the recent insurgency is said to be even higher.

Some whites have given up and left, or retreated to Bulawayo from where they make weekly sorties to their ranches and farms. The Kirbys have stayed, in partnership with their son-in-law and neighbour Mr Charlie Ross who married their daughter Val. They live near Figtree about 70km from Bulawayo.

Morning and evening they answer the routine roll-calls on their radios to confirm that they are still alive and unharmed. The anti-grenade screens fixed to the windows in the war have never been taken down. Tanned, rugged and independent, the Kirbys live much as they always have, making their own bread and jam, doing business on the old crank-handle telephone, carrying out farm jobs from engineering to artificial insemination. The reading matter in the bathroom includes a 1969 Woman's Realm magazine, price 8d.

At night they listen to BBC radio, read books and retire early. "There's no social life left in the area. You don't go out at nights," says Mr Kirby. "We've had this situation for about 10 years now, since the latter part of the war. Charlie and Val, they feel it more."

In the Ross living room, which is pockmarked with bullet holes from an unsuccessful wartime attack in 1978, the two families stand in front of a map of the neighbourhood and run through the names of friends killed or injured by gunmen in recent months and years - the Kreidls, John Norvall, the Macdonalds (Andy Macdonald was a farmer and rugby player famous for having fought and killed a lion which attacked him), Trevor Smith, Ian Burchell - the list goes on.

"Some people have left," says Mr Kirby, who came here from England in 1947 and joined the British South Africa Police before he switched to farming. "But the opportunities to leave are not all that easy. You can't realise your assets and what you realise, you can't take with you. Financially you're trapped. The other thing is that I don't think people want to go. They would prefer to stay here."

The more people leave, the more dangerous and isolated life becomes for those commercial farmers who remain. "We are very concerned at the distance between the farms that are occupied," he says. "Between us and Bulawayo there used to be six resident farmers. There's not one today."

After an attack, the farmers will join the security forces in expeditions through the bush to try to track down and kill the perpetrators, called "gooks" by some of the farmers after the term used for the enemy by American soldiers in Vietnam.

No one is sure what motivates these shadowy figures who live by the barrel of a gun. Many are ex-combatants from Zipra, the Zimbabwe People's Revolutionary Army which was the military wing of Dr Joshua Nkomo's Zapu party during the war. A few may simply be unemployed youths *looking for wealth and* adventure. What is certain is that Zapu and the 1.7m people of Matabeleland, outnumbered four to one by the ruling Shonas, bear many grudges against the Zanu (PF) government of Prime Minister Robert Mugabe far away in the capital Harare.

The government has repeatedly cracked down on Zapu, blaming its leaders and the South Africans for the Matabeleland killings. But some senior Zapu officials, already resentful about what they see as the economic neglect of their region, believe the government itself has at times orchestrated the activities of the bandits in order to discredit Zapu.

When the Zimbabwean army's North Korean-trained Fifth Brigade swept through Matabele*land in brutal campaigns* to end the banditry in 1983 and 1984, hundreds of the Matabele were killed. Some were said to have fled the country and to have been recruited by South Africa. Recently, however, there has been little evidence of direct South African involvement, although South African radio propaganda is beamed to the area in the local Ndebele language. Farmers say dissidents killed recently had old weapons. The South African toothpaste and radio batteries found on the dead are likely to have been bought in neighbouring Botswana.

A more *immediate* concern *is* that the Matabeleland gunmen might link up with the better-equipped rebels of the Mozambique National Resistance who have begun to launch attacks into eastern Zimbabwe. "We've so far been spared things like landmines and rockets," says Mr Kirby.

In Matabeleland and the Midlands dissidents have terrorised people into giving them food and shelter, burned down shops and murdered informers. But they have also taken advantage of superstitious villagers and exploited local grievances against commercial farmers, portraying themselves as Robin Hood figures who steal from the rich and give to the poor.

A recent happy topic of conversation in the Kirby household was the reported killing by the security forces in the Midlands of the notorious dissident Richard Gwesela, who roamed the country for several years and who was credited with the deaths of more than 20 people. Gwesela, widely believed to have magical powers enabling him to turn himself into a snake or a tree to avoid capture, had a price of 50,000 Zimbabwe dollars (£16,778) on his head. The government has said that there are only about 100 dissidents left alive, but many farmers believe the number is higher.

White farmers such as Mr Kirby, valued for their contribution to the economy but politi*cally on the sidelines*, are anxiously following the latest round of unity talks between Zanu (PF) and Zapu and hoping that an agreement will help to end the troubles. Mr Mugabe, due to become executive President at the end of the year, is aiming for a one-party state, but many members of Zapu are not convinced that their interests will be best served by incorporation into Zanu (PF) and the allocation to them of some token posts in the cabinet.

The first indications were that the talks may not be jeopardised by the mission massacre, although the episode could yet put them under strain. Mr Enos Nkala, the Home Affairs Minister who plays a key part in the negotiations, made it clear yesterday that he did not regard the killings as politically inspired, blaming instead what he called "the squatter problem".

The Kirbys are scanning the skies as well as the newspaper headlines for signs of hope. "The drought is the overriding problem," says Mr Kirby.

Dry at the best of times, the land is parched after successive years of poor rain. The Mananda dam, which is supposed to irrigate Mr Kirby's pastures and where people once water-skied, is all but empty. Pine and eucalyptus trees are dying and falling over. Fed with chopped leaves and branches from the bush for want of grass, the Kirbys' 160 cows are yielding less than two thirds of the milk they produced last year.

In the communal lands nearby, the villagers say the gods are angry. Thousands of cattle - traditionally the measure of wealth *for the Matabele - have died in* the region, and many of those which remain are emaciated and close to death. The water table has dropped, boreholes and dams have dried up and people have to walk for miles to scratch deep into sandy riverbeds for water. The shortage of strong cattle means difficulties with ploughing. There is strict rationing of water in Bulawayo, Zimbabwe's second largest city.

"The drought has affected us badly," says Mr Fanyana Ndebele, a villager dressed in ragged clothes. "Some people had 30 or 40 cattle and now they have nothing." The government, churches and private charities are trying to stave off malnutrition and hunger by providing food to the worst-hit areas, but without good rains this season thousands of people will have to migrate to where they can find water.

Zimbabwe's Matabele people, descended from the warlike Zulus and boasting a proud history, face an uncertain future. Once the conquerors of the Shona, they now find themselves in the minority within Zimbabwe's frontiers.

As for the local whites, sometimes the allies of the Matabele in disputes with the central government, their role in the countryside has been steadily reduced by emigration. Banditry and the pressure for land, exacerbated by the increase in the black population, have taken their toll.

"I miss being able to walk in the bush whenever I want," says Mrs Kirby. "In the peace just after independence we could do it again for a while." Wild animals - leopard, kudu, occasionally elephant - are seen around the farm. At one boundary is a rockface adorned with the ochre-coloured animal paintings of the bushmen, earlier inhabitants even than the Matabele. On the other side is a hollow-sounding lump of granite worn down by *ceremonial drumming* designed to encourage the rain.

"Our worst period has been since July," says Mr Kirby. "I've got no plans to leave. But I must say I look at the grass and the empty dam and I wonder what I'm going to do."

Man in the News

Paul Mugnaioni

A sharp mind housed in a smart suit

By James Buxton

"I VE SPENT 99 per cent of my time here trying to ensure a future for council housing," said Paul Mugnaioni, Glasgow's director of housing, with more than a hint of annoyance. That morning a Glasgow councillor had accused him, on the front page of the Glasgow Herald, of being *like a captain who deserts his* ship when it's in trouble.

The reason for the accusation is that Mr Mugnaioni (pronounced Moon-yi-o-nee) is leaving Glasgow District Council to set up Quality Street, an unprecedented joint venture in private rented housing by the Nationwide Anglia Building Society and four officials of Glasgow housing department, led by Mr Mugnaioni. Through Quality Street, the Nationwide Anglia intends to invest £600m in rented housing over the next five years, starting in Glasgow and going on to other urban areas in Scotland and England, including London. It hopes to own and manage 40,000 homes by *1992*.

The move has been greeted with delight by Conservative ministers in Scotland, as a sign that the Government's policy of encouraging the private sector to return to rented property is working even before its housing legislation is passed.

And their pleasure is increased by the fact that Mr Mugnaioni is not only a Labour Party supporter, but also the leading figure in public sector housing in Glasgow, a Labour stronghold. But one Labour councillor's accusation that Mr Mugnaioni is in effect ratting on council housing is not shared by other coun*cillors, who more diplomatically* wish him well.

Mr Mugnaioni, who is 36, is far removed from most people's idea of a local bureaucrat. He is open and relaxed. As befits someone who is three-quarters Italian by birth and spent most of his first eight years in Italy - he didn't start learning English until he was eight - he wears smart suits.

Mr Mugnaioni's parents used to run a cafe in Gourock on the Clyde, while their son took a first class degree in architecture at Stratchclyde University and then went on to work for the Greater London Council. He returned to Glasgow in 1979 and has been director of housing for five years.

But he does not see his move to Quality Street as the crossing of an ideological divide. "The public sector already plays an entrepreneurial role in housing in Glasgow," he says. "As the biggest municipal landlord in western Europe we're the market leader. But we're now on the threshold of a revolution in rented property in which the private sector will play a leading part. I want to be the market leader there."

He already seems more like a businessman than an official. "Having become housing director of Glasgow at the age of 31, there weren't many other jobs I could have gone to in local government," he said. "I would have been happy to stay for another five years if this hadn't come along." The move means a "marginal" improvement in his £36,000 a year salary. He will stay in his owner-occupied flat in a tenement building in Hyndland, a middle class part of Glasgow.

The city has horrifying housing problems: it has 170,000 council properties, most of them built in the post-war period when some of Britain's worst mistakes in building technology and housing amenity were made. It is estimated that it would cost £2bn to renovate all the decayed council property in Glasgow.

But squeezed between the extreme reluctance of the elected council to raise rents and the Government's parsimony with housing support grant, the housing *department has had to find* a variety of partial solutions to the problem. He claims that some of his policies have brought the private sector into areas where it would otherwise never have gone.

He is convinced that while the council must charge more realistic rents, the Government should keep up the level of housing support to give the council a financial breathing space in which to catch up with repairs. But he recently ensured that Glasgow was well prepared to finance improvements by negotiating a £140m loan from the private sector and thus feels he is leaving a sound ship.

"He's very good at talking turkey with financiers," said a Glasgow councillor who did not wish to be named. "He's been a good leader of the housing department, but you've got to remember that these policies are joint efforts between the housing department's staff and a number of councillors. Where Mugnaioni is good is in backing up his staff and being open to ideas."

The idea for Quality Street came only in October when Mr Mugnaioni met Tim Melville-Ross, chairman of Nationwide Anglia, over lunch. Both of them were aware that the thinking of both the Government and the Labour Party on private rented housing was changing. "The Government no longer believes that 90 per cent of all householders will eventually be owner-occupiers," says Mr Mugnaioni. "Labour is beginning to think that the rented sector in Britain has to be modernised."

Quality Street intends to rent good quality housing to those categories of people who lose out from the present bias towards owner-occupation: such as young people and students, people moving from one part of the country to another, people getting divorced and people who are quite content to rent but would like to move somewhere else - a near impossibility in many cities.

The first homes are likely to become available in Glasgow early in the new year, as Quality Street aims initially to purchase new properties from developers. It will set high standards of quality and tenants will be represented on *management boards*. Some properties will be let furnished.

Some of the first ones are likely to be nearer the higher end of the market. But the main aim is to offer homes at "affordable" prices, which may depend in part on the Government providing increased housing benefit for tenants, while eventually Mr Mugnaioni hopes that it will "neutralise" the tax advantages of owner-occupation. Thus the scheme depends in part on the Government changing the rules. But the fact that Quality Street exists and, four days after being launched, is already receiving enquiries, may give it an incentive to do so.

Michael Skapinker and Nikki Tait report on the fate of option schemes since the stock market crash

Worth taking the knocks

IN THE YEARS before the stock market crashed, few British executives were prone to spend their time worrying about whether there was a superior being who sternly disapproved of their newly found riches.

If, however, there were any senior managers who harboured such anxious thoughts, the timing of the crash must have confirmed their fears. For it came at the very moment when some of them were preparing to cash in their executive share options, thereby realising huge profits on the back of what had seemed an unstoppable bull market.

Over the past few years, the executive share option scheme has become a familiar feature of British corporate life. A survey published at the beginning of October by Charterhouse, the merchant banking and financial services group, showed that 77 per cent of board directors in companies with a turnover of between £300m and £1bn held share options. In companies with a turnover of more than £1bn, the proportion was 97 per cent.

As long as share prices remained on a steeply upward path, "a lot of directors thought it was money for jam," says Mr Peter Brown, of the Reward Group of remuneration consultants. The 1984 Finance Act, under which most of the schemes were introduced, allows companies to offer employees options worth four times their emoluments. Unlike previous Inland Revenue approved schemes, the options do not have to be made available to all employees with a certain length of service. They can be granted to directors or senior managers only.

The most attractive aspect, however, is that beneficiaries of the schemes are only liable for capital gains tax, not income tax, on any gains they make. But to escape income tax, they have to wait three years before exercising their options.

Some companies - Jaguar, for example - had schemes which reached the three-year mark before the crash. But with those introduced at the end of 1984, executives saw a large proportion of their expected gain blown away when the stock market bubble burst.

It must have seemed a cruel blow. Sir Ralph Halpern, chairman of the Burton Group, had already shown that managers did not have to leave the security of corporate life to become rich. Last May, for example, he exercised options on 545,000 shares at 23p and then sold the shares at 321p - making a £1.6m profit. As the options had been granted six years ago, before the 1984 Finance Act, income tax (rather than capital gains tax) had to be paid on the profit.

Sir Ralph's salary, much of it performance related, is now £1.3m. Earlier this year he gained shareholder approval for a scheme granting him options, with a paper value of £2.5m, on condition that his company achieved some testing targets. His example offered his counterparts in other companies a chance to set out on the same road. The stock market crash is a warning that the journey might not be all that easy.

"For those people who hold options that they got before the crash it's been a salutory experience," says Mr Charles Bracken, Burton's group personnel director.

Provided they have not already borrowed on the expectation of their windfall, option holders can, of course, just wait for share prices to pick up again. Under the 1984 Act, exemption from income tax on their options is good for another seven years.

However, Mr Laurie Brennan, chief executive of New Bridge Street Consultants, argues that it might be sensible for executives to exercise their options now. Although company share prices have fallen, they are still, in most cases, a good deal higher than they were three years ago. "Most people will have doubled their money rather than tripled it," he says.

Having exercised their options, he says, those same executives might want to look for another job. A new employer could offer them another set of share options worth up to four times their salary. Their own employer might not be able to offer them anything.

The reasons for this have nothing to do with the law. The 1984 Act allows employees to hold options worth four times their remuneration at any one time. An executive who exercises his options now can, as far as the Inland Revenue is concerned, receive new ones at today's attractively low share prices. He will still be exempt from income tax, provided he does not exceed the four times earnings limit. The only constraint will be that he will have to wait another three years before he exercises any further options.

It is the institutional investors, anxious to avoid dilution of their holdings, who object to executives having their share options topped up straight away. The new guidelines of the Investment Committee of the Association of British Insurers, issued last July, say that executives should not normally receive options worth more than four times emoluments over any 10-year period. The ABI says that holders of these options should also not be permitted to exercise them unless the company achieves real growth in earnings per share.

The insurers are willing to accept "super options" - worth an additional four times earnings. But for these to be exercised the company has to meet the target adopted by Burton earlier this year: earnings per share growth over a five-year period which places it in the top quarter of the FT-SE 100 index.

Mr Brennan points out that, had this measure been applied over the five-year period to September this year, companies like ICI and the Prudential would not have made it into the top 25, despite the fact that their share prices grew by 685 per cent and 280 per cent respectively. "Everyone's not a Burton by any means. There's something wrong with a system that fails three quarters of the companies," he says.

The institutions show no sign of further easing up. The National Association of Pension Funds is expected to issue its own revised guidelines during the coming months. Broadly supportive of the ABI's position, the pension funds look set to emphasise a simpler, but no less restrictive, set of principles.

Those executives who received options three years ago are, of course, better off than those who acquired them when the stock market was at its peak. In September, Williams Holdings gained shareholder approval for a super-option scheme. Among the beneficiaries were chairman Mr Nigel Rudd and managing director Mr Brian McGowan, who received total options on 450,000 shares exercisable at 335p. Williams's shares have since fallen to around the 240p mark.

Williams says it is sticking by its scheme, but the ABI has been approached by others, mainly consultants, asking whether it would consent to companies scrapping options and replacing them with ones at today's lower prices.

Mr Colin Parker, chairman of the ABI's Investment Protection Committee and general manager of Eagle Star, says that his response is "to strongly recommend to managements that they should think again." Scrapping options and reissuing them would be "opportunism bordering on the worst kind of short-termism," he says.

Others point out that it would also be deeply offensive to those shareholders who have suffered during the crash. "I don't hear companies talking about bailing them out," says Mr Don Sullivan, vice-president of consultants TPF&C in New York.

What of the future of share option schemes? Will companies and their senior managers lose their enthusiasm for the idea? Mr Neil Shaw, chairman of Tate and Lyle, hopes not. Share option schemes should be seen as a long-term incentive for managers, not as a way to make easy money in the short-term.

Mr Shaw advises worried managers to sit tight. When they have held their options for a few more years, he tells them, "you'll find you can take some knocks. If you look back on it five years from now you'll see what's happening today as just one dip."

Mr Sullivan says that his experience of option schemes in the US is that disillusionment takes a while to set in. Executives remain keen on options for as long as they think the market is going to resume its upward path. If it remains flat for long, however, they begin to look towards additional cash incentives.

Will this happen in Britain? Probably not, say the consultants. The main reason is that cash payments are subject to a top marginal income tax rate of 60 per cent, while capital gains are taxed at 30 per cent. As long as that difference persists, share options are unlikely to lose their shine.

Proportion of executives holding options

Company turnover £m	Main board directors	Senior management
1–40	62%	21%
40–150	76%	28%
150–300	80%	20%
300–1000	77%	38%
1000 plus	97%	70%

Responsibility for allocation

	Percentage of companies
Board committee	38%
Chairman or chief executive	25%
Board	30%
Others	13%

Source: Charterhouse

Nick Bunker on how Lloyd's of London chooses a new chairman

Ringing in the changes

THERE HAS never been a chairman of Lloyd's of London quite like Brook Watson. He held the post for ten years at the time of the Battle of Trafalgar. He was also Lord Mayor, stomping around the City on a wooden leg after a shark ate his natural appendage.

The latest successor to the chair of Lloyd's, due to be named in four days' time, is unlikely to be quite so colourful. But the 180 years since Brook Watson have wrought surprisingly few changes in the way the Lloyd's insurance market chooses its leader.

On Wednesday morning, the 27 men and one woman who form next year's ruling Council of Lloyd's will gather under the chandeliers of the insurance market's Committee Room for a preliminary meeting to decide on their 1988 chairman. It is likely to be an elegant formality.

As one council member put it: "I have been asked to roll up for what I confidently expect to be the Feast of the Enthronement of St Murray."

The Murray in question is a large, jovial Wykehamist, Murray Lawrence. He is the senior


Murray Lawrence: large and jovial

among the market's three deputy chairmen, and has worked closely with the current chairman, Peter Miller.

At 52, with all his limbs intact, he is a professional non-marine underwriter. He started at Lloyd's in the 1950s, first making his name as a reinsurance man with C.T. Bowring, the blue-chip London insurance broking house. He is now senior partner of Murray Lawrence and Partners, the fourth biggest Lloyd's underwriting agency. A yardstick of its importance is that it runs non-marine syndicate 362. And syndicate 362, with £117m of net premium capacity this year, plays a leading role in London by taking North American property insurance, a vital field for Lloyd's since the 1890s.

Mr Lawrence could still be disappointed next week. Mr Miller has held the position since January 1984, but that is well short of this century's record term of seven years, set in the 1940s by Sir Eustace Pulbrook.

For months, though, Mr Miller has been dropping hints that he is ready to go. This is understandable. He is 57 and his term has been tough. Lloyd's has had to implement sweeping regulatory reforms following the 1982 Lloyd's Act and the government-commissioned Neill report.

If Mr Miller is going - and hardly anyone at Lloyd's doubts it - one reason why the succession is likely to be smooth is relatively simple. Chairmen of Lloyd's have always emerged, rather than been elected, by an informal process that resembles the way Tory MPs used to pick their leader.

Until 1983, Lloyd's was governed solely by a Committee of working members of the market. When the time came to appoint a new chairman, "Mr Senior" - the longest serving man on the Committee - would privately buttonhole each member and ask whom he preferred. Once Mr Senior had found a consensus, the process was over. It meant that the chairman's senior deputy usually got the job. Contested elections were almost unheard of.

By all accounts, this has not changed much. The 1982 Act set up a new Council, including outsiders, to govern the market. But the actual process of electing a chairman was never spelled out in detail - leaving "Mr Senior" with his old backroom role, and Mr Lawrence as the natural choice.

The only other possibility, much talked about at Lloyd's now, is 55-year-old David Coleridge. He is an equally large Old Etonian underwriter but rather grander, with a drier sense of humour and a reputation for being more abrasive than Mr Lawrence.

More to the point, he is chairman of Sturge Holdings. Sturge has risen to power in the last decade as the giant among Lloyd's underwriting agencies, controlling 26 syndicates, with £1.2bn of gross premium income expected in 1988.

And Mr Coleridge scored what other underwriters saw as a coup three years ago when he hired as a right hand-man Peter Rawlins, a highly-regarded young accountant who was previously personal assistant to Mr Ian Hay Davison, the market's first chief executive. Mr Rawlins played the star role in lobbying MPs during this year's tax battle with the Inland Revenue, and is one of the most strident advocates of new technology at Lloyd's.

There have been unconfirmed rumours in the past few days of some last-minute backstage lobbying by outsiders on the council to have Mr Coleridge made chairman. One reason for the gossip is that he came top of the recent election for seats on the Council, polling 2285 votes to Mr Lawrence's 2266.


David Coleridge: dry humour

Another factor is more subtle. Oddly enough, Mr Lawrence made a speech last month to the Insurance Institute of London summing up the issues facing Lloyd's - many of them in areas where Mr Coleridge is especially strong. He voiced a common but still rarely articulated view at Lloyd's that between now and the year 2000 the market will face serious commercial challenges requiring painful changes.

The marine insurance business - which still makes up 47 per cent of Lloyd's capacity - "appears depressingly finite", Mr Lawrence said.

So Lloyd's has to expand elsewhere, into markets like the EC, the Far East, or into personal or small business insurance. But one key handicap is that the market's use of new technology and its standards of back-office service have lagged behind those of its competitors.

That means that the next chairman will be far more bothered about things like computer systems and the EC than about scandals and regulation. And, in some eyes, Mr Coleridge's transformation of Sturge into the only Stock Exchange-quoted Lloyd's underwriting agent has given him the right kind of management experience and authority for the job. That does not mean he will get it. A common view at Lloyd's is that he is too decent and dignified to want to stand in Mr Lawrence's way, and that in any case Sturge - which is still expanding fast - still needs him too much.

Letters to the Editor

Wiring regulations should be revised

From Mr Ken Kolb

Sir, Fires in Falklands ships, the Manchester Airport disaster and now at Kings Cross have all exposed the fatal effects of smoke and poisonous gases given off from burning cables.

London Transport has for several years been using radox insulated cables. These irradiation cross linked polyolefin materials can be formulated so as to not produce smoke or poisonous gases when burnt.

One lesson we could learn must surely lead to an urgent revision of the standards for cabling in public buildings - of all types - to make the use of radox type insulation compulsory.

Those who can influence building regulations, and in particular wiring regulations, do not need to wait for the enquiry into the cause of this latest disaster to report before they act. Nor,indeed, do those specifying new public buildings need to wait to be regulated.

Ken Kolb,
Managing Director,
Suhner Electronics Limited,
Telford Road,
Bicester, Oxfordshire

Sudan's surplus could help Ethiopia

From Mr Charles G. Gurdon.

Sir, As the threat of famine in northern Ethiopia grows, a partial solution could be at hand in neighbouring Sudan. After the devastation of the 1984-85 drought, Sudanese agriculture has achieved a remarkable turnaround. Indeed, there is now an embarrassing surplus of food which cannot all be stored. This season the Agricultural Bank of Sudan, (ABS) bought eight million sacks (720,000 tonnes) of surplus sorghum, which is the staple crop in both Sudan and Ethiopia. Most of this is stored within 100 miles of the border with Ethiopia's famine-afflicted northern provinces.

Rather than sending wheat from around the world, the international community should be buying Sudanese surplus sorghum and transporting it across the border into Ethiopia. Such a solution would have numerous advantages:

1. It would be a cheaper, quicker and easier method of getting food to the affected areas.
2. By sending sorghum instead, a permanent demand for wheat - which demand would have to be met by expensive imports in the future - would not be created.
3. It would provide Sudan with valuable foreign exchange, contributing towards a cure of its own dire economic problems.
4. It would help Sudan reduce the problem of storing so much surplus grain.
5. It might stem the flood of Ethiopian refugees, already numbering almost one million.

An additional, very important result could be a *rapprochment* between the neighbouring countries, and an eventual end to Ethiopia's support of the rebel Sudanese People's Liberation Army, (SPLA). This in turn could lead to a settlement of Sudan's own civil war, which is currently responsible for severe malnutrition in southern Sudan.

Charles G. Gourdon,
116a Palmerston Road, E17

Pharmaceutical patents at risk

From the Director of Public and Economic Affairs, The Association of the British Pharmaceutical Industry.

Sir, Your item in "Men and Matters" (November 18) perpetuates the claim that the proposed repeal of the transitional "licence of right" provisions of the Patents Act 1977 as they would apply to a very limited number of pharmaceutical products could cost the National Health Service up to £250m.

This figure, promulgated by a firm of Parliamentary lobbyists, (representing two non-innovative pharmaceutical companies which stand to gain further from the retention of licences of right), has been repeatedly denied in the House of Lords. As recently as November 12, when the Copyright, Designs and Patents Bill received a Second Reading in the Upper Chamber, Lord Beaverbrook, the Government spokesman, told the House: "We believe that the likely extra cost to the National Health Service which will result from the provisions in the Bill which will exempt pharmaceutical patents from the licence of right provisions in the Patents Act will be between £5m and £8m spread over the next 10 years". (Hansard, column 1537, November 12).

Britain gains substantially from its pharmaceutical sector, which contributes £850m a year to the country's balance of trade. Yet pharmaceutical patent protection is today so eroded in this country that products now entering the market have, on average, an effective patent term of less than eight years, even including the period of "patent sharing" resulting from licences of right.

Quite apart from the repeal of the latter, pharmaceutical patent term restoration should be seen as an urgent national objective. Japan, the world's largest net medicine importer, is currently taking action to restore its domestic medicine patent term to an "on the market" average figure of approaching twice that now observed in the UK, so as to stimulate its indigenous pharmaceutical research and investment.

David Taylor,
ABPI,
12 Whitehall, SW1

Loopholes will be closed

From Mr Graham Riddick MP.

Sir, According to the report from the Local Government Information Unit (November 16), as a result of the Local Government Bill "national agreements with unions will be broken up and this will lead to lower wages and reduced conditions, and a lack of training and equal opportunities even if private contractors take on existing staff."

Unfortunately the LGIU is not an independent body: it is funded primarily by left-led Labour authorities and consequently only puts one side of the argument.

In 1980 the Planning and Land Act required council's direct labour organisations (DLOs) to tender competitively for elements of work previously allocated directly by the council. In many cases it was successful in reducing the burden on ratepayers: DLOs were forced to become competitive if they were to survive.

Contract compliance was conceived by some Labour-controlled councils as a way of avoiding the provisions of the Act. By insisting that private contractors adopted the same inefficient standards as the DLOs, it cushioned the latter from the rigours of the free market by stifling competition.

The Local Government Bill will close the loopholes of the 1980 Act and is long overdue. Its real effect will be to make council services more efficient, thus benefiting the ratepayer and the economy as a whole.

Graham Riddick,
House of Commons, SW1

No Hoover for Mr Reagan

From Mr A.W. Houston.

Sir, Investors who make decisions based on comparisons between October 19 1987 and October 29 1929 should be very wary in assuming that a recession will be the immediate result of the Wall Street fall. After the post-war inflation of 1920 there was secular decline in the yield of the Long Bond until 1940, and the yield curve became negative in 1927, with an associated fall in commodity prices and housing start-ups.

Today the yield curve (as shown in the FT's US Money and Credit) is firmly positive, many commodities are bullish, and the level of housing start-ups continues at around 1.6m.

Mr Reagan's political hero is Calvin Coolidge, who was President during the American boom years until 1928, when Herbert Hoover succeeded him. Hoover's performance is still widely regarded as letting in the Democrats for a term of 16 years in office; and there would seem to be no way in which the present President would wish to be branded with the same image. On this premise we cannot expect a flattening of the yield curve - indeed, this is likely to steepen, as even more liquidity is injected into the US economy.

For an historical "fix" the most likely position is 1979, when President Carter went all out for growth before the 1980 elections. If this is a correct analysis, portfolios should be heavy in mining shares and light in bonds for at least the next year. Looking to 1989 and 1990, however, the position would appear to be full of peril: investors and managers should be looking back over their shoulders at the events of 1929 and the subsequent slump of the 1930s. While there are dissimilarities between 1929 and the present state of affairs, there are sufficient pitfalls for investors to be aware of a major change in their environment.

A.W. Houston,
22 Austin Friars, EC2.

To do the job, the fall of the dollar will have to be greater

From the Treasurer, Labour Economic Policy Group.

Sir, The rate of exchange, like the rate of interest, is a market-clearing mechanism. In both cases the equilibrium rate is that which enables the market to be cleared in conditions of full employment at a high and sustainable rate of growth. It follows that in an ever-changing economic world any attempt to stabilise rates of exchange for any length of time must be counterproductive.

The present is no exception. The quickest and most effective way to stabilise the market is to change investment expectations by letting the overvalued currencies fall to a competitive level. Your plea (November 7) for a "managed" decline is unrealistic because it assumes that the surplus countries would agree to what is required, and that the decline could then be managed without sending false price signals to the real economy.

The task is immense. The US balance of trade in manufacturers in terms of 1986 unit values fell from a surplus of $61bn in 1980 to a deficit of $137bn in 1986. The terms of trade rose by 14 per cent between 1979 and 1986 as a result of an increase in the real exchange rate against the Deutsche Mark and the yen of 38 and 23 per cent respectively. Imports rose $126bn and exports fell $76bn. The US share of the volume of world exports fell by the equivalent of $335bn.

The 20 per cent fall in the dollar to DM 1.86 in the year to January did little more than stop the rot. In the year to June, import prices rose 5 per cent to only 15 per cent above the 1980 figure, and export prices 2 per cent to 30 per cent above. The corresponding figures for import volume were 3 and 110 per cent, and for exports 13 and minus-7 per cent. The deficit was undiminished.

The recent fall in the dollar will help to close the gap, but the nominal rate needs to fall by another 8 per cent against the EC currencies to reduce the real rate to the 1980 level. In practice the fall will have to be much greater than this to do the job - because markets once lost are difficult to regain, because the US has lost some $16bn of trade as a result of the CAP, and because the increase in overseas debt has to be financed by increased exports.

The US trade deficit, like our own, is due to a massive increase in the value of the domestic currency - 65 per cent under Mr Volcker and 47 per cent, compared to the level agreed with the IMF, under Mr Lawson. It has very little, if anything, to do with the budget deficit, and it is symptomatic of our ills that the Chancellor should think otherwise. Reductions in defence and welfare expenditure will not reduce the demand for Jaguars.

The EC will in any case have to face a reduction in its trade balance with the US in manufactures, of at least $55bn, in addition to a reduction in exports to the rest of the world. The UK share of this amounts to about $6bn, but sterling itself is grossly overvalued and should be allowed to fall by at least 25 per cent to recover the ground lost since late 1976, when the UK undertook to stabilise the real exchange rate. The Government did not hesitate to let the exchange rate fall, for party political purposes, by 19 per cent in 1982-83 and 10 per cent last year. They should do the same again in the national interest.

Shaun Stewart,
Labour Economic Policy Group,
72 Albert Street, NW1.

Red Cheek losses force Bulmer out of the US

By Nikki Tait

H. P. Bulmer, the Hereford-based cider group, has brought its unhappy foray into North America to an end by selling its loss-making Red Cheek apple juice business in Pennsylvania to Cadbury-Schweppes, the confectionery and beverages giant.

Cadbury is paying approximately £3m in cash and taking on Red Cheek's debts. These were put at £17.3m at the April 24 year-end, although Cadbury said the level has now dropped to about £10m. Bulmer yesterday said that the cash receipt plus the removal of Red Cheek's debts should leave the company with a "modest cash balance" by the next year-end.

Red Cheek, an apple growers' co-operative, was bought by Bulmer for $5.6m (£3.2m) in August 1984, and was described at the time as "an important part of Bulmer's strategic plan", reinforcing overseas earnings growth. Yesterday, however, the company said that competition in the US market had been fierce and that it did not feel able to give Red Cheek the support required. During 1986/7, Red Cheek made a £900,000 pre-interest operating profit and a £700,000 loss before tax. Its net assets at the year-end amounted to £5.7m.

Cadbury, in which US group General Cinema recently increased its holding to 18.2 per cent, already has apple juice interests in Pennsylvania and said that the Red Cheek business - which produces "cloudy" juice as opposed to Cadbury's clear variety - would be complementary.

Yesterday, Bulmer added that it had reviewed its Australian interests but had no disposal plans on this score. Its shares added 3p to 147p on news of the Red Cheek sale.

US acquisitions help Siebe rise above £50m

BY CLAY HARRIS

Siebe, the controls, engineering and safety equipment group, increased interim pre-tax profits by 2½ times to £50.7m in the six months to September 30. Two large US acquisitions accounted for more than half of the total.

Robertshaw Controls and Ranco together contributed £26.4m, with the smaller W.H. Salisbury safety equipment acquisition chipping in another £452,000. Existing activities showed a more modest increase of 18.7 per cent from the £19.7m pre-tax total in the first half last year.

Mr Barrie Stephens, chief executive, yesterday played down Siebe's exposure to the US, which accounted for less than 40 per cent of turnover in the first half. Europe, including the UK, accounted for 38.5 per cent.

With Robertshaw and Ranco in the group, controls now account for 51 per cent of pre-tax profit. The addition of Barber-Colman, another US controls company, for the last five months of the financial year will lift the proportion to 60 per cent.

Siebe has already eliminated more than 1,000 of the 10,000 jobs in Robertshaw and Ranco, and more cuts are on the way.

CompAir, the compressed air division, increased pre-tax profit by 20 per cent to £9.13m, 20 per cent of group total, despite a 3 per cent fall in sales to £94.6m. Garage equipment activities centred on Tecalemit accounted for 17 per cent of profit, and safety equipment for 12 per cent.

Gearing has been reduced to 53 per cent from 118 per cent in March, largely as a result of the £225m rights issue which closed in October. However, Siebe's businesses are also now generating cash at an annual rate of £30m to £40m.

Turnover more than doubled to £483.8 (£229.2m). Comparative figures were restated to reflect Siebe's move to average rather than year-end exchange rates.

Earnings per share rose by 32 per cent to 19.9p (15.1p). The interim dividend is increased by 15 per cent to 2.7p (2.345p adjusted for a one-for-one scrip issue).

The interim figures exclude about £2m of turnover and £150,000 of profit from two UK footwear companies subsequently sold to management. Minority interests rose to £1.68m (£207,000). With no extraordinary items, compared with the previous £10.5m charge from the unsuccessful bid for APV, attributable profit rose to £27.3m (£789,000).

Barrie Stephens: Playing down US exposure

● comment

Siebe is a share to remember, although many shareholders must be ready by now to forget it. After two years of charging full speed ahead in pursuit of an unwavering industrial vision, at the expense of a flood of paper, Siebe would have fallen farther in the crash if it hadn't slipped so far already. What price a share with heavy US exposure, an overhang of shares stuck with reluctant underwriters, and management whose quirky self-confidence sometimes obscures its strength? Siebe tested the depths of that question, and even after yesterday's recovery stands on a prospective p/e of only 7.2 on the conservative assumption of £110m pre-tax for the full year. Harping about the dollar exposure is short-sighted and smacks of knee-jerk analysis. It overlooks the advantages to be gained from import substitution and cost-cutting in the US. Shareholders, however, cannot afford to take Barrie Stephens' 20-year view (which no doubt will be vindicated). They need a long, quiet patch without a cash call or large acquisition. Investors not already in may wish to wait until they feel more confident that selling into strength has been exhausted.

Debbie Moore quits Pineapple

By Philip Coggan

MS DEBBIE Moore is leaving the Pineapple Group which she brought on to the Unlisted Securities Market, in a blaze of publicity five years ago.

But she is taking with her the dance studios that made her famous and the rights to the Pineapple name, which she uses through fashion shops and designer merchandise.

A costly move into New York proved unprofitable and the studio there will now be closed and the building sold for about $3m (£1.67m).

Ms Moore is to acquire the studios for a yet-to-be-determined sum and run them as a private company. She will resign from her post as chairman but has no current plans to sell her shares in the company.

The new chairman will be Mr Peter Bain, also the chief executive, who moved into Pineapple in 1985. Since Mr Bain arrived in 1985, the group has made several acquisitons in the field of marketing services and recently announced trebled pre-tax profits of £1.25m.

Once a new name is found, the group will move from the USM to the main market.

See Junior Markets on page II

BCal urges OFT not to refer SAS partial bid to Monopolies

BY CLAY HARRIS

British Caledonian Group has urged the Office of Fair Trading not to refer any partial offer by Scandinavian Airlines System to the Monopolies and Mergers Commission.

BCal said that its shareholders should be allowed to consider an SAS offer - which has not formally been made - at the same time as the full bid from **British Airways**, which is worth £153m in shares or £119m in cash.

BA on Thursday released its submission to the OFT which strongly supported a reference and denounced a SAS stake in BCal as "back-door nationalisation." SAS is a consortium controlled by the Swedish, Danish and Norwegian national airlines, each half owned by their respective governments and private investors.

BCal also told the OFT that it was willing to accept two of the terms which BA secretly submitted to the Monopolies Commission during a recent three-month inquiry which cleared BA to mount a new bid.

It agreed to withdraw its objections to Civil Aviation Authority licences being issued to Air Europe, a rival UK independent, to operate competing services between London's Gatwick airport and eight continental cities.

BCal also promised not to object to any application by other airlines to compete on other routes.

Although BCal stressed that it was not endorsing a rescue by SAS, the stance underlines its clear preference for a solution other than takeover by BA.

Air Europe's parent company, International Leisure Group, has also told the OFT that SAS should be allowed to take a minority stake in BCal without a Monopolies reference.

Mr Peter Smith, ILG managing director, said last night there was no reason that UK airlines should be protyected any more than UK newspapers, in which the Government had allowed non-British companies to take minority stakes and full ownership without the scrutiny of the Monopolies Commission.

"It's not a bloody air force we're talking about," Mr Smith said. "It's a small airline based at Gatwick. I don't know what what all the emotion is about."

See SAS results Page 10

Burnett & Hallamshire cuts losses to £1.8m

BY HEATHER FARMBROUGH

Burnett & Hallamshire, the troubled coal-mining and property group reported a reduced pre-tax loss of £1.8m (£3.1m) for the six months to September 30 1987. Coal prices and demand remained low in the UK, reducing profits at the three companies trading in the open market.

Operating profit fell by 15.5 per cent from £2.6m to £2.2m, despite the continuing improvement in mining performance in Pennsylvania. Turnover from continuing businesses was down 7 per cent from £49.6m to £46.4m. Charges from the elimination of unprofitable activities and interest not relating to continuing businesses amounted to £1.3m (£2.8m). Losses per share were 1.1p (1.3p).

Group borrowings were £67.9m, compared with £64.1m at March 31 1987. These included borrowings in California of about £31m, which should be reduced by £21m on the sale of the One Westwood property in December.

In February 1986, the group underwent a financial reconstruction, the terms of which have been subsequently renegotiated.

● comment

A ½p fall to 13½p in Burnett's share price was all the reaction the market could muster to yesterday's announcement. There has been little City interest in the company since 1985's sudden revelation that its financial position was much worse than the balance sheet suggested and any recovery was far off. If the latest announcement lacked fresh horrors, it offered little comfort apart from the improvement in Pennsylvania. The company's strategy continues to be to concentrate on its coal businesses, yet coal demand and prices are unlikely to rise. There is little the company can do to better its performance drastically until its financial position improves.

Share issue delayed by NatWest

By David Lascelles, Banking Editor

THE £100m Japanese share issue proposed by **National Westminster Bank**, the UK's largest clearer, has been postponed because of last month's market crash.

The issue, announced in September, was to have accompanied the listing of NatWest shares on the Tokyo stock exchange, matching a similar move in New York.

NatWest said last night that the decision had been taken "in view of the significant changes which have taken place in the world equity markets since the middle of October." However the situation will be kept under review.

The issue was planned in order to broaden NatWest's international shareholding base and raise its profile in the Japanese market.

Thorn EMI woos Australians

BY BRUCE JACQUES IN SYDNEY

THE TREND for UK companies to mop up minorities in their Australian offshoots is continuing with **Thorn EMI** launching a $26.1m bid for the outstanding 25 per cent of Thorn EMI (Australia). This comes only days after the BOC group made a $220m offer for outstanding shares in Commonwealth Industrial Gases.

Offering $2.50 a share, Thorn-EMI describes this as providing shareholders with "an excellent opportunity to dispose of their shares at a generous price, particularly in light of the collapse in stock market prices."

It is still pitched well below the pre-crash peak of $3.50 and the Australian company's directors yesterday told shareholders not to act until they had reviewed the bid with the assistance of advisers, Lloyds International. Morgan Grenfell Australia is acting for the parent company.

The offer price is the same at which the Australian company was floated in 1984. It compares with a last sale price of $1.92 and represents a premium of more than 40 per cent on its latest stated asset backing.

Yesterday there were no trades in the Australian shares but a buyer was posted at $2.05.

Thorn EMI (Australia) also announced its results for the half year ended September 30, which showed net profits ahead 16.9 per cent to $4.3m on a 5.2 per cent rise in sales to $104.5m. This excluded a $5.4m extraordinary profit on sale of a building ($320,000 profit previously).

An unchanged interim dividend of 7 cents a share is declared and the halfway result represents annualised earnings per share of nearly 21 cents, placing the British bid on a multiple of 11.9.

The directors said the earnings improvement followed management changes and a corporate reorganisation. The depreciation charge was heavy at $12.2m ($11.4m) and interest took $61,000 ($88,000).

Airtours static

Airtours, package holiday operator, reported almost static pre-tax profits of £2.03m for the year to September 30 1987 In line with the forecast made last month., the company said it expected pre-tax profits to be about £2m. Turnover rose from £66.18m to £68.31m.

As forecast, the dividend is 2.7p net, and stated earnings per share (weighted average) were marginally ahead at 8.55p (8.53p).

There was an extraordinary credit this time of £1.28m which represented net surplus on closure and sale of the company's retail travel division.

Anchor shares rise on talks

By Nikki Tait

Shares in **Anchor Chemical** - the Manchester-based speciality chemicals company in which US industrial gases group, Air Products snapped up a 29.5 per cent stake on Monday - added a further 156p to 630p yesterday.

This followed Thursday's meeting between the company and possible "white knight", Kennedy Smale. Kennedy, however, remains reticent about its future intentions, saying only that it is waiting to see the Air Products offer document.

The only comment from Air Products's advisors, Hambros, yesterday was that the position is still being reviewed. Initially, the US company suggested it was looking to make a recommended offer.

Cambrian & General says no to wind-up

BY NIKKI TAIT

Cambrian & General, the UK investment trust previously run by disgraced New York arbitrageur, Mr Ivan Boesky, is recommending shareholders to vote against a wind-up of the company next month.

The annual opportunity to wind up the trust, from 1987 onwards was introduced when Mr Boesky moved into the driving seat in 1982, and a meeting is being held on December 22. "In normal circumstances, the company could be put into members' voluntary liquidation and an early distribution to shareholders could be expected," says chairman, Mr David Hobson, in a letter to shareholders.

"However, the circumstances are far from normal: the company has contingent liabilities in respect of litigation and taxation ..... it is not possible for the directors to determine how long the resolutions of these matters may take, nor can they state at present that no further actions or claims may arise as a result of the activities of Mr Boesky."

The annual report from Cambrian, which accompanies the letter, details the various actions against the company but stresses that the board "will take all practical steps to protect the company's interests." In particular, it points out, Farnsworth - Cambrian's Bermudian subsidiary - has begun legal action against Ivan F. Boesky & Company L.P. and others with a view to recovering its $20m investment. "This action," says the report, "will be energetically pursued."

In the year to end-September, Cambrian's net asset value on the ordinary shares rose from 150.9p to 173.2p, while the capital shares' backing increased from 237.8p to 282.7p. By end-October the market crash, coupled with the dollar's decline, had reduced those figures to 135p and 190p respectively. There is no dividend.

The US Securities and Exchange Commission, meanwhile, continues to hold 12.68 per cent of the ordinary shares and 54.6 per cent of the capital.

GENERAL ACCIDENT Fire and Life Assurance has paid £12.8m for Stuart Wyse Ogilvie Estates, the largest group of estate agents in Scotland. The purchase will be satisfied by the issue of 1.46m new shares and £1.6m loan notes and cash.

OSSORY ESTATES has bought Newfield Industrial Estate, Stoke-on-Trent from Eporth, Corabond and Attwood Developments for £2.475m.

Merrydown updespite fall in cider market

In spite of a 2 per cent decline in the cider market, Merrydown Wine managed a £57,000 increase in pre-tax profits for the half year to September 30 on turnover up from £5.03m to £5.54m.

Pre-Christmas sales have been building up well but the final outcome is dependent upon the sell out over Christmas and the restocking demand in the New Year. Given this, Mr Roy Hooper,chairman, is confident the company can maintain its steady progress.

Merrydown Vintage Ciders continue to outperform the market and despite increasing competition, to maintain their leading position in the premium quality sector. Progress in market share has again been helped materially by maintaining substantial marketing investment.

Trading profit for the period was £689,678 (£648,783) and interest amounted to £17,000 (£33,086). Tax took £235,000 (£221,651) leaving attributable profits of £437,671 (£394,046) or earnings of 10.4p (9.42p)

The interim dividend is raised from 0.9 to 1p per 25p share.

Leigh profits double after rationalisation

BY FIONA THOMPSON

Leigh Interests, the waste disposal group, yesterday reported that profits had more than doubled for the six months to September 30, advancing to £1.79m against £855,000 last year. Earnings per share rose by 81 per cent to 5.6p (3.1p).

"The improvement comes from rationalising our core environmental activities, eliminating non-environmental activities, extending acquisitions and increasing operational efficiency," said Mr Bill Pybus, chairman.

Of the company's two divisions, environmental services contributed £2.5m profit on sales of £17.5m, while builders' merchants made £85,000 profit on £3.25m turnover.

Environmental services includes the effluent treatment activities and the oil recovery business. The waste disposal interests are divided almost fifty-fifty between chemical waste and ordinary dry industrial

Turnover was £20.42m, compared with £20.29m last year. Tax took £660,000, against £299,000. An interim dividend of 1.83p (1.4p) was declared.

● comment

These results were slightly ahead of City expectations and the shares moved ahead to close 13p up at 177p. Waste disposal is a growth area: UK industrial output is continually increasing at the same time as environmental concern grows. Alongside this, more local authorities are contracting out their waste disposal services. Leigh is ready to go with the growth, aiming to buy smaller companies which will allow it to increase revenues but not overheads. Its interest charges are significantly down on last year, and Pybus hopes to get the present 50 per cent gearing down to 40 per cent by year end. Assuming pre-tax profits for the full year of just under £4m, that puts them on almost 16 times, at a premium to the sector but fair given growth prospects.

Mountleigh set to buy back 10% of its equity

BY PAUL CHEESERIGHT, PROPERTY CORRESPONDENT

Mountleigh, the aggressive property trading and development group, is to ask shareholders for authority to buy on the market up to 19.6m shares, some 10 per cent of its issued equity.

The move extends a trend which has already become apparent among property companies. Last month, Hammerson took the decision to do the same thing. Earlier this week Chase Corporation declared its intention of seeking permission from shareholders to buy its stock on the market. British Land bought back some of its own stock after the stock market tumble started on October 19.

The Mountleigh share price has latterly been hovering around 140p compared with a high for the year of 322p. Yesterday it firmed after the group announced its equity intentions, but then slid back again in a sluggish market.

Mountleigh shares were trading at a premium to their net asset value before the market crash but have since fallen to a discount of about 40 per cent. Phillips and Drew, the group's broker estimate the net asset value at 240p a share.

The general object of buying in shares is to increase the asset value of the shares which still remain on the market. The practice hitherto has been normally associated with investment companies, whose share price is driven by the asset value, rather than groups like Mountleigh which are rated on their earnings.

MK and RTZ hold inconclusive talks

By David Waller

Shares in **MK Electric Group**, subject to an unwelcome £206.5m cash bid from RTZ, edged up another 4p yesterday as it emerged that the two parties held inconclusive talks yesterday morning.

The shares, which had gained sharply on Thursday after a French electricals company accumulated a 2.6 per cent stake, closed at 589p - 39p above RTZ's offer of 550p per share.

At yesterday's meeting, held in the offices of MK's advisors Kleinwort Benson, the two sides discussed the operational benefits that RTZ claims will result from an agreed bid. Price was not talked about, and RTZ intends to issue its offer document this weekend.

United Spring and Ratcliffe make pre-merger progress

United Spring & Steel Group, steel stockholder and processor and maker of springs and spring pressing, and **Ratcliffe Industries**, manufacturer of precision springs and painting contractor, which are proposing to merge, both announced positive results for the year and six months to September 30 respectively.

United upped taxable profits from £1.43m to £1.68m on turnover of £41.67m (£35.15m) while Ratcliffe was in the black for the first time in seven years with a pre-tax figure of £216,000 (£52,000 losses) on turnover of £5.08m (£962,000).

The United directors proposed a final dividend of 1.8p (1.5p) making a total of 2.4p (2p) to be paid from earnings of 6.47p (5.94p). They said that trading in the current year had got off to a good start and saw no reason why the group should not continue to prosper.

Mr John Cowen, chairman of Ratcliffe, said that the proposed merger with United would create a group, to be called United Industries, with a leading position in the UK springs manufacturing industry and sales currently at the rate of £40m per annum. Losses per share of 5.25p were turned into earnings of 1.6p.

He forecast that Ratcliffe would make profits of not less than £1m in the full year.

LandLeisure buys private care homes

LandLeisure is acquiring four private care homes and two development properties in the Midlands through its Park Homes division. Consideration is £3.6m in cash and 313,235 new LandLeisure ordinary at 340p per share.

The homes have been valued at £3.2m and the development properties at £1.6m. In the year to May 31 1987 the homes produced pre-tax profits of £491,000.

GIBBS and Dandy has sold its central Luton premises for £1.2m. The sale is expected to result in a small surplus over book value.

Dominion Intl profits fall to £3.2m

Dominion International Group, property developer, natural resources and financial services, showed a decline from £4.65m to £3.17m in pre-tax profits for the six months ended September 30.

The group has been pursuing a policy of divestment and the figures for the previous year include a profit of £1.92m from interests now disposed of.

Contribution from Southwest Resources group-in which Dominion holds a 59 per cent interest-declined from £775,000 to £282,000, with States Petroleum group contributing £460,000 (£100,000). Last year there was a profit on disposal of North Sea interests of £846,000.

Breakdown of profits show that the contribution from financial services was up from £2.61m to £4.16m but that from natural resurces fell from £775,000 to £282,000. Turnover for the period was £31.3m (£39.24m) and attributable profits were £2.7m (£3.63m).

Basic earnings per share fell from 7.49p to 4.84p. The interim dividend is maintained at 2.5p.

The directors say that the programme of divestment is continuing with some £20m realised from UK property disposals to date and talks are in progress concerning the company's holding in Southwest.

A strong second half performance can be expected from a number of core businesses.

Southwest's turnover fell from £3.87m to £2.01m in the period. There were extraordinary profits of £330,000 representing the sale of the remaining 2 per cent holding in William Hunt shortly before the stock market crash. Taking this into account earnings per 40p share-quoted on the USM- Owere 0.45p, against 1.49p.

●comment

Analysts have for some time been downgrading their forecasts of Dominion International's profits for the current year, and yesterday's interim results spelled out the reasons why. The exposure of the newly-acquired US computer leasing company and the oil and gas operations to the weakness of the dollar knocked about 10 per cent off the pre-tax figure. The absence of last year's contributions from asset disposals left a £2m hole in the profits. And more fundamentally, Dominion's metamorphosis from industrial holding company to financial services group is taking significantly longer than anyone ever expected. With perhaps only £8m in sight for the full year against £8.6m last time, the price/earnings ratio is at a humble 7 at yesterday's 81p. On an optimistic view, the shares may now have bottomed out: the likely unchanged dividend produces a prospective yield of nearly 10 per cent and any further weakening in the price would probably bring the predators out.

Alphameric expansion

Alphameric, computer keyboard, viewdata terminal and dealing systems manufacturer, is to add personal computer-compatible modems to its product range with the purchase of PC Communications for an initial £1m in shares.

The private company achieved pre-tax profits of £235,000 on sales of £1.4m in 1986, but has grown so rapidly that Alphameric expects a material contribution to its own results in the current financial year to March 31.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres-ponding div	Total for year	Total last year
Airtours ....fin	2.7	Feb 26	-	2.7	-
Brewmaker ....int	nil	-	0.3	-	0.3
Chamb. & Hill ....int	2	Dec 16	1.4	-	4
Dominion Intl ....int	2.5	-	2.5	-	5.5
Joseph (Leo) ....int	2.81	Jan 8	2.81	-	13.33
Leigh Interests ....int	1.83	Jan 16	1.4	-	4.15
Merrydown Wine§ int	1	-	0.9	-	5.33
Siebe ....int	2.7	Mar 31	2.35*	-	7.63*
United Spring ....fin	1.8†	-	1.5	2.4†	2

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. Unquoted stock. Third market.

Nestor-BNA for market with £26.4m tag

BY PHILIP COGGAN

A MANAGEMENT buyout has proved to be the right medicine for **Nestor-BNA**, the nursing agency. Sold for £15m by Eagle Star in 1986 as part of the disposal of Grovewood Securities, Nestor yesterday announced details of a stock market listing valuing the company at £26.4m.

The buyout involved a wide range of staff, including 28 nurses or doctors, and unusually, private clients of Henderson Crosthwaite, the stockbroking firm which acted as adviser to the deal. After the current float, 10.25 per cent of the equity will be held by directors and employees.

Although BNA was founded in the early fifties, its recent history dates from 1976 when Mr Mike Rogers, the managing director, joined the group. At that time it had 24 branches but now, with 95 outlets, it is the largest agency in the UK.

BNA provides staff for NHS hospitals, nursing homes, private hospitals and industry, deriving income from commission. Rates of commission are set by the local authority in which the agency is operating and normally vary between 17 and 20 per cent.

Nursing agency provided about three-quarters of the group's operating profits last year; the rest is divided between Nestor Medical Services, which operates nursing homes and hospitals.

Pre-tax profits have increased from £1.07m in 1982 to £2.27m in 1985, only to fall last year due to the costs of servicing the debt incurred during the buyout, which was backed by Investors in Industry (3i) and the Prudential.

The flotation will raise about £4.7m, of which £1.2m represents sales of shares by existing investors and the rest will be used to pay off £4m of the buy-out debt.

Hambros Bank is placing just under 6.96m shares, 19.7 per cent of the equity, at 75p each, giving the group a market capitalisation of £26.4m. On the basis of the 1987 profits forecast of £2.5m, the prospective p/e at the placing price is 13.5.

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. date	1987 High	1987 Low	Stock	Closing Price	+ or -	Net Div.	Times Cov'd	Gross Yield	P.E. Ratio
-	F.P.	23/10	27	12	Atlantic Assets Wrrnts.	12		-	-	-	-
§105	F.P.	6/11	160	71	‡Banner Homes 10p	73	-2	R2.6	2.9	4.7	9.8
330	120	-	98	75	British Petroleum	77½	-3½	N12.5	1.5	5.9	14.3
§18	F.P	26/11	28	18	‡Chartsearch 1p	28	+1	R0.44	3.0	2.3	19.1
100	F.P	-	121	103	‡Co. of Designers 5p	111		R3.0	2.2	3.7	13.4
10	F.P.	11/12	14¼	5	EFM Dragon Trust 5p	7	+½	-	-	-	-
†	F.P.	-	268	235	English & Caledonian Inv.	235		-	-	-	-
74	F.P	4/12	81	74½	‡Fairway (London)5p	78		R2.5	1.8	4.4	13.8
-	F.P.	-	67	26	First Spanish I.T. Wrrnts.	28	+2	-	-	-	-
-	F.P.	-	104	70	Haden MacLellan 20p	77		1.9	1.5	3.2	-
†	F.P.	-	152	100	Hard Rock Intl. 2p	140		L1.53	3.3	1.5	24.9
†	F.P	-	125	97	Do 'A' (Restricted Vtg)2p	106	+1	L1.53	3.3	2.1	17.8
-	F.P.	23/10	23	12	Independent Inv. Wrrnts.	14		-	-	-	-
§80	F.P	-	148	81	ISA Intl. 5p	94	-1	R1.17	4.0	1.7	19.7
§60	F.P	-	82	43	*Kamp (P.E.)5p	43		-	-	-	8.1
§115	F.P.	-	128	65	‡Marcol 5p	65		L2.3	2.1	4.8	13.8
-	F.P.	-	175	175	Mayne Nickless	175		Q18.5c	2.0	3.1	15.7
257	F.P.	-	98	55	Moorgate Inv. Wrrnts.	55		-	-	-	-
§100	F.P.	-	108	98	New Guernsey Securities	98		-	-	-	-
§10.58	F.P	-	$21¼	$9	Portugal Fund $0.01	$9¼		-	-	-	-
§110	F.P.	20/11	111	71	Power Corp.Ir.£0.01	71		Q36.9	2.5	4.7	9.4
§88	F.P.	-	90	65	Record Hldgs. 5p	66		R2.0	3.2	4.2	10.2
250	F.P	12/12	317	138	‡Stanhope Prop.	140	-2	-	-	-	-
§114	F.P.	-	121	115	‡Sykes-Pickavant 10p	118		R5.25	2.0	6.1	11.1
§	F.P.	-	38	35½	TR Pacific Inv Tst. 5p	36½	+½	-	-	-	-
§70	F.P.	-			‡Trevian Hldgs. 10p			-	-	-	-
§20	F.P.	21/12	26	20	‡Tubular Exhibitions	21		-	-	-	-
§87	F.P	9/11	98	56	‡URS Intl.$0.01	56	-2	R4.75	1.9	4.5	11.6
§60	F.P.	-	93	73	‡WSP Hldgs.5p	73		R1.5	3.0	3.9	17.9
†	F.P.	25/11	30	16	Wiltshaw Securities	24	-1	-	-	-	-

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc Date	1987 High	1987 Low	Stock	Closing Price £	+ or -
§	F.P.	-	73p	70p	*Abelscot 5½pc. Cm.Cv.Rd.Pf 2006	70p	
-	-	-	99½	90½	Ansbacher(H.)9pc.Cnv.Sub.Ln.1998	97½	-2
100	£10	21/1	14	10½	Chester Wtr. Wks. 11¾pc Rd.Db.98/2000	12	
100p	F.P	-	87p	63p	Helical Bar 5½pc. Cnv.Cum.Red.Pf.2012	65p	+2
-	F.P.	-	101⅜	97¼	N'wide Anglia 10⅜pc 12.9.88	101¼	
-	F.P.	-	101⅛	99½	Do. 10⅝pc 26.9.88	101	
-	F.P.	-	101⅛	100⅛	Do. 10½pc 31.10.88	100⅝	
-	F.P.	-	99⅜	99⅜	Do. 9¼pc 28.11.88	99⅜	
§	F.P.	-	109½	99½	Next 5½pc Cnv. 2003	102¼xd	+¼
§100	F.P.	-	115p	109½p	Record Hldgs. 10pc Cum. Red. Prf. £1	109½p	
100	F.P.	-	95p	73p	‡Shield Grp. 5.84pc Cnv. Cum. Red. Pf.	80p	
-	F.P.	13/11	82p	70p	Utd. Scientific 5½pc Cum. N-V. Pref.	82p	+3

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc Date	1987 High	1987 Low	Stock	Closing Price p	+ or -
300	Nil	-	53pm	45pm	‡Applied Holographics 5p	49pm	
80	Nil	30/11	2¼pm	¼pm	‡Chrysalis 5p	¼pm	
45	Nil	30/11	5pm	1¾pm	Feedex Agric 10p	1¾pm	
80	Nil	-	460pm	205pm	Press Tools	230pm	
269	Nil	27/11	¼pm	¼pm	Securiguard Group 5p	¼pm	

Renunciation date usually last day for dealing free of stamp duty. a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. L Estimated annualised dividend, cover and p/e based on latest annual earnings. R Dividend and yield based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. Z Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided. ¶ Issued by tender. ‡ Offered to holders of ordinary shares as a rights. † Introduction. § Placing price. †† Reintroduction. ‡ Issued in connection with reorganisation merger or takeover. || Allotment price. ‡ Unlisted securities market. ‡ Official London listing. □ Including warrants entitlement. * Third Market.

FT – ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY NOVEMBER 26 1987					WEDNESDAY NOVEMBER 25 1987			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1987 High	1987 Low	Year ago (approx)
Australia (89)	99.58	+1.0	82.27	95.31	4.33	98.64	81.47	94.08	180.81	85.80	91.59
Austria (16)	92.45	-0.6	76.38	80.06	2.60	92.98	76.79	80.55	102.87	85.53	94.86
Belgium (48)	102.37	-0.3	84.58	88.36	5.36	102.69	84.82	88.76	134.89	96.19	95.42
Canada (127)	106.29	+1.1	87.81	100.79	3.07	105.09	86.80	99.72	141.78	98.15	98.77
Denmark (38)	111.57	+0.4	92.18	97.42	3.03	111.11	91.77	97.17	124.83	98.18	95.15
France (120)	86.36	-0.6	71.35	76.71	3.58	86.91	71.79	77.13	121.82	77.39	98.37
West Germany (93)	75.99	-1.9	62.78	65.92	2.89	77.47	63.99	67.16	104.93	68.91	97.34
Hong Kong (46)	84.58	+0.4	69.88	84.45	5.80	84.24	69.57	84.21	158.68	75.82	92.61
Ireland (14)	103.24	-0.3	85.30	91.38	4.97	103.54	85.52	91.56	160.22	96.20	92.43
Italy (94)	79.74	+1.5	65.88	73.07	2.62	78.56	64.89	71.96	112.31	72.04	96.70
Japan (457)	141.36	+0.3	116.79	120.23	0.58	140.89	116.36	119.96	161.28	100.00	90.32
Malaysia (36)	102.34	-0.9	84.55	98.61	3.70	103.27	85.30	99.15	193.64	98.24	99.12
Mexico (14)	132.53	-9.4	109.50	300.68	1.00	146.24	120.79	331.78	422.59	99.72	91.38
Netherland (37)	96.14	-1.0	79.43	82.38	5.46	97.12	80.21	83.20	131.41	87.70	98.53
New Zealand (23)	79.72	+1.5	65.86	66.96	4.74	78.56	64.88	66.40	138.99	75.99	94.67
Norway (24)	105.62	-2.2	87.26	92.11	2.97	107.98	89.18	93.94	185.01	96.03	103.63
Singapore (27)	96.91	-0.7	80.06	91.12	2.63	97.55	80.57	91.58	174.28	90.19	98.92
South Africa (61)	136.89	+2.0	113.09	92.08	4.64	134.20	110.85	90.98	198.09	100.00	97.23
Spain (43)	120.13	+0.2	99.25	102.20	4.02	119.88	99.01	101.81	168.81	100.00	92.32
Sweden (34)	99.75	-2.2	82.41	89.01	2.57	101.96	84.21	90.98	136.64	88.50	99.80
Switzerland (53)	82.47	+1.2	68.14	69.97	2.37	81.53	67.34	69.27	111.11	73.65	96.42
United Kingdom (332)	121.33	-0.1	100.24	100.24	4.58	121.40	100.27	100.27	162.87	99.65	93.86
USA (582)	99.50	+0.0	82.20	99.50	3.70	99.50	82.18	99.50	137.42	92.83	103.07
Europe (946)	99.42	-0.3	82.14	84.75	3.96	99.71	82.36	84.97	130.02	92.25	95.87
Pacific Basin (678)	137.61	+0.4	113.69	117.98	0.79	137.12	113.25	117.68	158.77	100.00	90.49
Euro–Pacific (1624)	122.36	+0.1	101.10	104.72	1.82	122.19	100.92	104.63	143.65	100.00	92.62
North America (709)	99.86	+0.1	82.50	99.59	3.67	99.79	82.42	99.53	137.55	93.20	102.84
Europe Ex. UK (614)	85.83	-0.5	70.91	75.10	3.42	86.25	71.24	75.45	111.97	78.89	97.13
Pacific Ex. Japan (221)	92.24	+0.7	76.21	88.57	4.72	91.61	75.67	87.87	164.03	83.17	92.74
World Ex. US (1826)	121.97	+0.2	100.77	104.60	1.90	121.74	100.55	104.47	143.38	100.00	92.89
World Ex. UK (2076)	112.49	+0.1	92.93	103.21	2.28	112.32	92.77	103.12	138.82	100.00	97.15
World Ex. So. Af. (2347)	113.11	+0.1	93.45	102.94	2.49	112.98	93.32	102.86	139.47	100.00	96.85
World Ex. Japan (1951)	99.81	+0.0	82.46	94.02	3.82	99.82	82.45	94.04	134.22	95.64	99.99
The World Index (2408)	113.26	+0.1	93.57	102.89	2.51	113.12	93.43	102.81	139.73	100.00	96.85

Base values: Dec 31, 1986 = 100

US Market closed for public holiday November 26.
Latest prices were unavailable for this edition.

FT – ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section	Friday November 27 1987 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (27%)	Est. P/E Ratio (Net)	xd adj. 1987 to date	Thu Nov 26 Index No.	Wed Nov 25 Index No.	Tue Nov 24 Index No.	Year ago (approx) Index No.	1987 High	1987 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (213)	664.15	-0.4	10.62	4.31	11.83	19.71	667.14	667.17	672.87	685.48	1038.87 16/7	618.07 10/11	1038.07 16/7/87	50.71 13/12/74
2	Building Materials (30)	852.84	-1.0	11.22	4.39	11.11	23.87	861.27	867.32	874.32	850.20	1381.08 16/7	805.67 10/11	1381.08 16/7/87	44.27 11/12/74
3	Contracting, Construction (33)	1220.39	----	10.21	4.08	13.09	34.54	1220.94	1222.86	1231.42	1152.23	1951.50 16/7	1115.39 10/11	1951.50 16/7/87	71.48 2/12/74
4	Electricals (14)	1891.85	-0.1	9.63	4.91	13.51	64.72	1893.84	1883.97	1886.28	1723.61	2733.45 20/7	1661.76 10/11	2733.45 20/7/87	84.71 25/6/62
5	Electronics (33)	1452.97	+0.1	10.95	3.48	11.96	36.02	1451.06	1463.75	1483.98	1503.68	2236.70 17/7	1391.52 20/11	2236.70 17/7/87	1229.01 8/10/85
6	Mechanical Engineering (60)	331.84	-0.1	11.12	4.91	11.32	11.92	332.17	328.72	328.24	382.84	544.57 14/10	296.26 10/11	544.57 14/10/87	45.43 5/1/75
8	Metals and Metal Forming (7)	385.67	-2.7	10.21	4.28	11.93	11.55	396.29	392.94	392.71	351.24	596.67 9/10	348.64 9/11	596.67 9/10/87	49.65 6/1/75
9	Motors (14)	238.18	-0.3	12.63	4.86	9.22	7.36	238.98	239.54	240.89	278.24	411.42 13/10	223.31 9/11	411.42 13/10/87	19.91 6/1/75
10	Other Industrial Materials (22)	1161.28	-0.9	8.95	4.47	13.28	37.40	1171.45	1162.38	1174.47	1199.51	1736.80 22/9	1051.78 10/11	1736.80 22/9/87	277.55 15/1/81
21	CONSUMER GROUP (183)	973.23	-0.6	8.76	3.68	14.51	23.47	979.21	977.81	991.88	937.98	1406.32 16/7	919.77 9/11	1406.32 16/7/87	61.41 13/12/74
22	Brewers and Distillers (21)	933.25	+0.8	10.90	3.99	11.57	18.46	925.46	919.40	924.94	970.20	1269.35 16/7	877.37 9/11	1269.35 16/7/87	69.47 13/12/74
25	Food Manufacturing (23)	776.41	-0.7	9.73	4.11	13.26	22.49	781.82	779.32	784.37	731.27	1092.25 16/7	726.65 9/11	1092.25 16/7/87	59.67 11/12/74
26	Food Retailing (17)	1967.54	-1.0	7.83	3.04	17.03	40.77	1986.79	1980.50	2003.81	1839.64	2649.96 16/7	1848.05 10/11	2649.96 16/7/87	54.25 11/12/74
27	Health and Household Products (10)	1738.22	----	6.65	2.58	17.68	33.67	1738.23	1738.07	1784.19	1524.23	2699.85 16/7	1590.82 10/11	2699.85 16/7/87	175.38 28/5/80
29	Leisure (30)	1037.54	+0.7	7.83	4.39	15.96	29.45	1030.71	1037.52	1054.15	974.19	1504.79 13/10	943.07 9/11	1504.79 13/10/87	54.83 9/1/75
31	Packaging & Paper (16)	458.99	----	9.09	3.94	14.48	12.53	458.44	455.98	455.30	483.08	739.48 16/7	427.56 10/11	739.48 16/7/87	43.46 6/1/75
32	Publishing & Printing (15)	3138.48	-0.9	6.98	4.65	18.11	97.34	3168.31	3153.18	3161.11	2667.22	5078.66 5/10	2713.49 2/1	5078.66 5/10/87	55.08 6/1/75
34	Stores (35)	801.14	-1.9	9.32	3.76	14.40	20.18	816.97	818.36	829.94	841.65	1160.58 29/7	796.20 9/11	1160.58 29/7/87	52.63 6/1/75
35	Textiles (16)	542.46	-2.9	12.06	4.34	9.55	15.46	558.53	557.54	588.73	545.97	914.52 2/10	519.92 10/11	914.52 2/10/87	62.66 11/12/74
40	OTHER GROUPS (87)	796.99	-0.1	11.22	4.55	11.09	21.23	797.89	804.65	822.62	800.40	1192.48 8/10	759.10 10/11	1192.48 8/10/87	58.63 6/1/75
41	Agencies (17)	943.40	-1.0	6.49	2.43	20.22	16.91	953.56	953.71	969.46	0.0	1795.57 17/7	876.89 10/11	1795.57 17/7/87	876.89 10/11/87
42	Chemicals (21)	969.21	-0.3	10.28	4.82	11.88	33.31	972.02	978.60	992.91	1000.72	1545.46 5/10	920.61 10/11	1545.46 5/10/87	71.20 1/12/74
43	Conglomerates (13)	1093.08	----	9.64	4.32	11.87	22.43	1093.56	1081.38	1090.61	0.0	1547.81 8/10	975.19 10/11	1547.81 8/10/87	975.19 10/11/87
45	Shipping and Transport (11)	1643.84	----	10.22	4.95	12.83	56.73	1664.65	1660.35	1663.56	1546.19	2497.85 16/7	1535.32 9/11	2497.85 16/7/87	90.80 29/6/62
47	Telephone Networks (2)	834.80	+0.5	12.90	5.07	10.32	18.98	830.59	861.89	888.67	792.87	1274.14 9/6	821.80 9/11	1274.14 9/6/87	517.92 30/11/84
48	Miscellaneous (23)	1099.97	-0.6	13.98	4.34	8.51	33.80	1106.67	1111.39	1151.36	1125.28	1773.70 5/10	1039.40 10/11	1773.70 5/10/87	60.39 6/1/75
49	INDUSTRIAL GROUP (483)	852.63	-0.4	9.89	4.07	12.73	22.29	856.36	857.74	870.43	845.80	1268.86 16/7	804.87 10/11	1268.86 16/7/87	59.01 13/12/74
51	Oil & Gas (17)	1589.54	-1.0	10.45	6.19	11.80	65.74	1605.19	1594.78	1617.51	1395.56	2458.68 16/7	1505.69 5/1	2458.68 16/7/87	87.23 29/5/62
59	500 SHARE INDEX (500)	915.09	-0.5	9.98	4.38	12.58	26.04	919.84	920.21	933.75	892.41	1369.88 16/7	867.65 10/11	1369.88 16/7/87	63.49 13/12/74
61	FINANCIAL GROUP (121)	600.29	-0.1	–	5.20	–	21.37	601.09	600.16	608.55	687.88	896.67 13/10	565.33 10/11	896.67 13/10/87	55.88 13/12/74
62	Banks (8)	620.25	+0.2	21.37	6.27	6.19	25.98	619.19	611.92	613.73	657.82	898.38 16/7	577.39 4/11	898.38 16/7/87	62.44 12/12/74
65	Insurance (Life) (8)	884.99	+0.7	–	5.20	–	32.56	879.24	885.06	888.59	855.13	1285.72 9/10	821.55 9/11	1285.72 9/10/87	44.88 2/1/75
66	Insurance (Composite) (7)	475.95	-0.1	–	5.79	–	20.16	476.64	475.41	479.77	450.38	707.58 13/10	453.21 9/11	707.58 13/10/87	43.96 13/12/74
67	Insurance (Brokers) (8)	785.60	+0.1	14.14	7.30	9.05	39.63	784.45	782.56	794.01	1194.23	1399.56 17/7	789.92 9/11	1399.56 17/7/87	65.86 16/12/74
68	Merchant Banks (11)	325.10	+0.3	–	4.37	–	8.77	324.21	328.13	329.39	354.69	547.59 12/10	312.09 10/11	547.59 12/10/87	31.21 7/1/75
69	Property (49)	891.33	-1.3	5.74	3.42	22.34	18.92	902.70	903.91	889.64	813.82	1374.86 16/7	805.82 5/1	1374.86 16/7/87	56.01 20/4/65
70	Other Financial (30)	366.31	----	9.85	4.33	12.85	11.96	366.32	369.40	371.08	366.86	603.48 16/7	341.44 10/11	603.48 16/7/87	33.29 17/12/74
71	Investment Trusts (87)	784.79	-0.1	–	3.21	–	17.14	785.28	785.71	787.11	840.96	1224.41 2/10	726.15 10/11	1224.41 2/10/87	71.12 13/12/74
81	Mining Finance (2)	411.31	+0.8	11.05	4.15	10.19	12.77	408.09	412.78	410.64	330.32	727.93 3/8	336.91 10/11	727.93 3/8/87	66.31 30/9/74
91	Overseas Traders (10)	870.01	-1.9	10.46	5.61	11.20	37.00	887.07	886.79	889.78	761.27	1364.12 13/10	778.26 2/1	1364.12 13/10/87	97.37 6/1/75
99	ALL-SHARE INDEX (720)	831.00	-0.4	–	4.47	–	24.49	834.64	834.85	844.66	815.34	1238.57 16/7	784.81 10/11	1238.57 16/7/87	61.92 13/12/74
		Index No.	Day's Change	Day's High	Day's Low	Nov 26	Nov 25	Nov 24	Nov 23	Nov 20	Year ago				
	FT-SE 100 SHARE INDEX ♦	1651.6	-9.1	1656.9	1648.6	1660.7	1664.1	1689.1	1657.7	1633.4	1636.7	2443.4 16/7	1565.2 9/11	2443.4 16/7/87	986.9 23/7/84

FIXED INTEREST

	PRICE INDICES	Fri Nov 27	Day's change %	Thu Nov 26	xd adj. today	xd adj. 1987 to date
	British Government					
1	5 years	124.36	+0.17	124.14	–	10.09
2	5-15 years	142.18	+0.29	141.77	–	12.14
3	Over 15 years	150.07	+0.39	149.49	–	12.41
4	Irredeemables	166.06	+0.37	165.45	–	13.35
5	All stocks	138.56	+0.27	138.18	–	11.58
	Index-Linked					
6	5 years	124.36	+0.01	124.34	–	2.18
7	Over 5 years	116.44	+0.02	116.42	–	2.89
8	All stocks	116.92	+0.02	116.90	–	2.82
9	Debentures & Loans	119.81	+0.01	119.80	–	10.46
10	Preference	85.32	-0.13	85.44	–	6.02

	AVERAGE GROSS REDEMPTION YIELDS		Fri Nov 27	Thu Nov 26	Year ago (approx.)	1987 High	1987 Low
	British Government						
1	Low	5 years	8.48	8.52	9.88	9.92 19/10	7.52 11/5
2	Coupons	15 years	9.28	9.22	10.56	10.27 19/10	8.53 8/5
3		25 years	9.08	9.12	10.57	10.08 2/1	8.55 8/5
4	Medium	5 years	9.09	9.15	11.29	10.80 2/1	8.39 8/5
5	Coupons	15 years	9.39	9.43	10.92	10.51 19/10	8.74 8/5
6		25 years	9.31	9.34	10.55	10.24 19/10	8.75 8/5
7	High	5 years	9.16	9.20	11.37	10.84 2/1	8.58 8/5
8	Coupons	15 years	9.53	9.56	11.10	10.67 19/10	8.86 8/5
9		25 years	9.33	9.36	10.61	10.31 19/10	8.72 8/5
10	Irredeemables †		8.91	8.97	10.29	10.30 19/10	8.41 9/11
	Index-Linked						
11	Inflation rate 5%	5yrs	2.72	2.70	3.69	4.03 19/10	2.03 20/5
12	Inflation rate 5%	Over 5 yrs	3.90	3.90	3.81	4.63 19/10	3.30 6/4
13	Inflation rate 10%	5 yrs	3.01	2.98	2.23	4.14 19/10	0.85 24/3
14	Inflation rate 10%	Over 5 yrs	3.96	3.95	3.65	4.65 19/10	3.17 27/3
15	Debs &	5 years	10.65	10.66	11.83	11.86 20/10	9.46 12/6
16	Loans	15 years	10.62	10.62	11.77	11.67 20/10	9.79 23/3
17		25 years	10.62	10.62	11.71	11.49 20/10	9.84 23/3
18	Preference †		10.63	10.62	11.83	11.83 2/1	10.05 22/6

♦ Opening index 1653.7; 10 am 1656.1; 11 am 1654.2; Noon 1654.5; 1 pm 1653.9; 2 pm 1655.2; 3 pm 1650.5; 3.30 pm 1653.8; 4 pm 1653.8

CONSTITUENT CHANGES: TR Pacific Basin (71) has been deleted and replaced by Tyndall Holdings (70). NAME CHANGES: APV Baker is now APV.

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Agencies	31/12/86	1114.07	Overseas Traders	31/12/74	100.00	Mining Finance	29/12/67	100.00
Conglomerates	31/12/86	1114.07	Mechanical Engineering	31/12/71	153.84	All Other	10/4/62	100.00
Telephone Networks	30/11/84	517.92	Industrial Group	31/12/70	128.20	British Government	31/12/75	100.00
Electronics	30/12/83	1646.65	Other Financial	31/12/70	128.06	Do. Index-linked	30/4/82	100.00
Other Industrial Materials	31/12/80	287.41	Food Manufacturing	29/12/67	114.13	Debs & Loans	31/12/77	100.00
Health/Household Products	30/12/77	261.77	Food Retailing	29/12/67	114.13	Preference	31/12/77	76.72
Other Groups	31/12/74	63.75	Insurance Brokers	29/12/67	96.67	FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 32p

Economic Diary

TOMORROW: General election in Turkey. National referendum in Poland on economic reform and political changes.

MONDAY: EC internal market council meets in Brussels. London sterling certificates of deposit (October). Bill turnover statistics (October). UK banks' assets and liabilities and the money stock (October). Centre for Economic Policy Research holds conference "The case for LDC debt relief" at 10 St James's Square, London SW1. Eurotunnel share offer allocations. I.C.I third quarter figures. US revised figures for productivity and costs (third quarter). OAU economic summit in Addis Ababa (until December 1). Sir David Wilson, Hong Kong governor, visits Canton, Shanghai and Peking (until December 5).

TUESDAY: Financial Times Conferences hold "World Telecommunications" conference at Hotel Inter-Continental, London W1. Institute of Directors annual dinner. NATO defence planning committee meets in Brussels (until December 2). World Travel Market opens at Olympia. US Senate Finance Committee hearings start in Washington. Trafalgar House annual results. GEC and Allied-Lyons publish interim figures.

WEDNESDAY: UK official reserves (November). Capital issues and redemptions (November). Overseas travel and tourism (September). Advance energy statistics (October). Kings Cross fire enquiry opens. Saatchi and Saatchi annual results. Argyll Group half-year results. US construction spending figures (October).

THURSDAY: 1987 New earnings survey, report Part E; Analysis by region. Housing starts and completions (October). House renovations (third quarter). Detailed analysis of employment, unemployment, earnings, prices and other indicators.

FRIDAY: European summit in Copenhagen (until December 5). US unemployment figures (November).

VOLUMES IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Stock	Volume 000's	Stock	Volume 000's
ASDA-MFI	1,800	Enterprise Oil	190	Prudential	448
Allied-Lyons	1,300	Fisons	405	Racal	558
Amstrad	522	Gen. Accident	152	Rank Org.	82
Argyll Group	2,600	Gen. Elect	2,700	RMC	156
Assoc. Brit. Foods	44	Glaxo	380	RHM	148
BAA	698	Globe Investment	196	Reckitt & Col.	306
BAT	966	Granada	2,400	Redland	766
BET	1,800	Grand Met	1,700	Reed Intl.	356
BICC	51	GUS A	331	Reuters	97
BOC	319	Guardian R.E.	100	RTZ	417
BPB Inds	935	GKN	86	Rolls-Royce	1,900
BTR	609	Guinness	1,000	Rothmans	1,300
Barclays	1,600	Hammerson	10	Rowntree	147
Bass	1,200	Hanson Trust	1,100	Ryl Bank Scotland	809
Beecham	389	Hawker Sidd	207	Royal Insurance	765
Blue Arrow	888	Hillsdown Hldgs	626	STC	563
Blue Circle	699	IMI	127	Saatchi & Saatchi	525
Boots	3,000	ICI	398	Sainsbury	277
Brit. Airways	149	Jaguar	608	Scott & Newcastle	855
Brit. Aero	1,400	Ladbroke	539	Sears	422
Brit. & Comm.	483	Land Securities	1,800	Sedgwick	243
British Gas	9,500	Laporte	9	Shell Trans	664
Britoil	1,100	Legal & Gen.	1,200	Smith & Nephew	277
BP	5,600	Lloyds Bank	1,800	Standard Chart.	43
Brit. Telecom	11,000	LASMO	127	Storehouse	784
Bunzl	310	Lonrho	1,000	Sun Alliance	78
Burmah Oil	227	Lucas	39	T & N	845
Burton	183	MEPC	1,500	TSB	1,800
Cable & Wire	4,100	Marks & Spencer	4,800	Tarmac	256
Cadbury Schwps	560	Maxwell Comms.	100	Tesco	1,000
Coats Viyella	981	Metal Box	1,000	Thorn EMI	1,100
Comm. Union	2,500	Midland Bank	513	Trafalgar House	324
Cons. Gold	203	NatWest Bank	350	T'house Forte	968
Cookson	44	Next	861	Ultramar	213
Courtaulds	721	Northern Foods	88	Unilever	596
Dalgety	99	Pearson	180	United Biscuits	365
Dee Corpn	248	Pearl Assurance	960	Wellcome	3,300
Dixons Group	1,900	P & O	582	Whitbread A	889
English China Clays	277	Pilkington Bros	875	Woolworth	1,000
		Plessey	1,500		

David Lane on the dramatic exit of Montedison's chief executive

Ferruzzi dynasty closes ranks

WITH THE ousting of Mr Mario Schimberni from the chairmanship of the Montedison chemicals company, Italy's old style of dynastic capitalism has done more than bare its teeth. It has savaged Mr Schimberni's dream of a stockmarket-listed company with a wide spread of shareholders, and management and ownership kept separate.

But this was probably unrealisable from the moment that Mr *Raul Gardini acquired his first* small stake in Montedison. As chairman of the Ferruzzi group, Mr Gardini heads one of the most aggressive Italian corporations, an agri-industry group which has come to prominence in recent years with a string of operations on an international scale.

It controls Beghin-Say, the French sugar concern and last year launched a controversial, but unsuccessful, bid for British Sugar. It has substantial holdings in agricultural activities in Brazil, Argentina and the US. This year the aggregate turnover of Ferruzzi is expected to reach about $9.7bn.

The Ferruzzi family maintains a grip over its business which matches the firmness with which the Agnelli family controls Fiat. And as the Ferruzzi group increased its stake in Montedison during the past year, so Mr Gardini increasingly looked like becoming its true 'padrone' - boss or owner.

It soon became clear that relations between the protagonists of this corporate melodrama, although always polite, were far from cordial. The tight-lipped courtesy covered an uneasy partnership between Montedison's principal shareholder and its executive chairman.

The gap between the styles and corporate philosophies of the two men created a gulf. Moreover, financial difficulties faced by both Ferruzzi and Montedison were exacerbated sharply by the October's stock market crash and hastened the final clash between the two men.

Mario Schimberni (left) on the wrong side of the gulf between himself and rival Raul Gardini

In acquiring its controlling stake in Montedison, Ferruzzi has become financially exposed. Montedison shares were trading at L2800 at the beginning of the year. When Mr Gardini announced that he would be taking over the chairmanship they were changing hands at L1535, implying a substantial book loss.

Montedison itself has been hit by the crash. In a series of large and far from uncontroversial operations, Mr Schimberni had led the company into a situation of massive indebtedness. Acquisition investments this year alone have cost about L3,550bn ($2.9bn). It has acquired control of the US Himont chemicals company, purchased Antibioticos and Farmitalia and increased its stake in the insurance company La Fondiaria.

Mr Schimberni possibly thought that he was buying his way out of the grip of Ferruzzi. The stock market crash decreed otherwise. A L1028bn rights issue was called off when Mr Gardini advised against it in November. It had not been possible to organise an underwriting consortium.

Clearly in pursuing his independent line as a manager of a public company, Mr Schimberni had made some unforgiving enemies. He offended powerful figures in Italian finance with the raids on BI-Invest and La Fondiaria.

Inevitably there has been speculation about what roles may be played by other key figures in Italian business in putting together a package for restructuring the finances of the Montedison-Ferruzzi group.

Mediobanca, the merchant bank which holds a 5.6 per cent stake in Montedison, is expected to play an important part. Within Montedison it is agreed that asset disposals are likely to be made. Which of the corporate jewels will Mr Gardini sell in order to trim debt?

If a book were to be organised, the smart money would probably be placed on La Fondiaria, the Standa retail chain and the pharmaceuticals company, Farmitalia, as favourites for a cash generating exercise. A more radical approach has been suggested in Rome political circles. There has been talk about the creation of a single major national chemicals company joining Montedison and Enichem, the subsidiary of state hydrocarbons holding corporation ENI.

Such a company might also offer an outlet to Mr Schimberni's energies and abilities. Despite criticism of the diversification policy adopted by Montedison during the seven years of his chairmanship, he is widely credited with pulling the company clear of huge losses. However any merger of Montedison's chemicals activities with state-owned Enichem would be a major political issue, a long-shot in the long-term.

The short-term prospects are for uncertainty, except for senior managers at Montedison's headquarters in Milan's Foro Buonaparte. Few expect that Mr Schimberni's appointees on the second floor will last more than three or four months under Mr Gardini. This in turn raises the issue of how Mr Gardini proposes to manage his expanded empire.

Boost for Hong Kong property market

By Kevin Hamlin in Hong Kong

MR LI KASHING and Mr Gordon Wu, two of Hong Kong's most prominent businessmen, have significantly bolstered confidence in the local property market by paying HK$470m (US$60.3m) for a prime industrial site at a government land auction.

The price was between 5 and 20 per cent higher than most analysts had anticipated in the wake of the stock market collapse just six weeks ago. Mr Dominic Leung, a partner of Richard Ellis, the property consultants, said: "I think it is indicative of the fact that demand is still there, although the market has suffered hiccups in the past few weeks."

Mr Li's Cheung Kong Holdings and Mr Wu's Hopewell Holdings are to develop a trade mart on the 22,000 square metre site, in the territory's Kowloon Bay area, through a joint venture.

Three other sites which came under the hammer yesterday also obtained good prices, raising an additional HK$336m. Mr Leung said prices overall were 5 to 8 per cent more than he expected. Mr Li was also actively bidding for a 19,000 sqare metre residential site, which was eventually acquired by the Hang Lung development group for HK$265m.

Higher costs hold back SAS earnings growth

BY SARA WEBB IN STOCKHOLM

SCANDINAVIAN Airlines System (SAS), which is considering making a partial offer for British Caledonian Group, has increased profits by 10 per cent, before allocations and taxes,to SKr1.66bn ($276.6m)for the year ended September, 1987.

The results, which were boosted by gains of SKr313m from the sale of three Airbus 'planes to Conair of Denmark and other assets, were described as "disappointing" by analysts.

SAS has been hit by large increases in operating costs and witnessed a slowdown in the growth of passenger traffic during the second half of the year.

Furthermore, growth in passenger traffic is expected to stagnate in future, partly as a result of the recent stock market crash.

"It is very difficult to say what will happen next year because of the stock market situation, but we expect some sort of stagnation and slowdown in traffic growth" said Mr Lars Bergvall, chief operating officer.

Revenue for the group, which includes the airline, hotel, catering and package holiday operations, rose by 11 per cent to SKr23.87bn, compared with SKr21.585bn in 1985/86.

For the airline operations, profits, before extraordinary items, rose 11 per cent to SKr1.45bn while revenue rose 6 per cent to SKr17.51bn. Gross profit margin slipped from 11.5 to 11.1 per cent.

Though the airline has seen lower fuel costs this year, its other operating costs have inreased by 11 per cent due to higher airport and route charges, wage increases and organisational costs, which SAS claims it has been unable to compensate for because it has not been allowed to increase its fares on certain routes.

Costs from the Amadeus reservation and distribution system which it plans to have running by mid-1989 have also been added to the airline costs.

SAS said that passenger traffic had risen by 4 per cent and that in Europe the increase had been 7 per cent. However, there has been considerable slowdown in the growth during the second half.

Taking other business areas, SAS reported a 46 per cent increase in profits, before extraordingary items,to SKr180m for SAS Service Partner,its catering operations, while revenue rose by 19 per cent to SKr3.22bn.

Both hotel business and package holiday operations showed increased profits.

Determined to join the big five

BY CLAY HARRIS

THE COURTSHIP of British Caledonian Group by Scandinavian Airlines Systems reflects the latter's determination to be "one of five in '95."

Although SAS accepts the contention of British Airways - its bitter rival for the hand of BCal - that the age of the mega-carrier has come to international aviation, the Scandinavian airline does not look only across the Atlantic for examples of the breed.

SAS's willingness to contemplate taking a large minority stake in BCal and inject £50m ($89.5m) in cash into the ailing UK airline reflects the fear that it is destined to become only a Nordic feeder for emerging European mega-carriers - such as BA, Air France and Lufthansa - unless it forges an alliance of medium-sized airlines.

By the middle of the next decade, SAS expects the ranks of European long-haul carriers to be reduced to five. With a home market of only 17m people in Denmark, Sweden and Norway - on the fringe of the continent - SAS has had to look for potential partners in similar situations.

In addition to BCal, European candidates include Belgium's Sabena, Austrian Airlines and Finnair. Further afield, SAS has agreed, or is considering, links with Thai International, Brazil's Varig and one or more North American airlines which it will not name.

SAS argues that the age of the mega-carrier has come to the international aviation business. It hopes to avoid becoming simply a Nordic feeder for big European airlines.

Under the SAS plan, the airlines would create an integrated traffic system, but retain their individual identities. They would co-ordinate route networks, aircraft fleets, and "product line" - so that business travellers especially would not notice any difference in style and level of service as they changed flights.

This strategy echoes the shake-up at SAS itself since Mr Jan Carlzon took over as president and chief executive in 1981.

Convinced that business travellers - the high-fare payers at the centre of its plan - place convenience over loyalty to national flag carriers, SAS aims to provide frequent flights in co-operation with partners where it cannot justify operating the services by itself.

The new twice-daily flights each way between Copenhagen and Bangkok, for example, plug into the respective feeder networks of SAS and Thai International. The same arrangement is envisaged on services to Rio with Varig.

London's Gatwick airport would become a second European hub, with SAS feeding passengers into BCal's intercontinental network. SAS's would gain considerable advantage from its dominance of the key Copenhagen-Gatwick link.

Although it has had sporadic merger discussions with Sabena, SAS says it would prefer to achieve its goal without taking equity investments in other airlines.

In the case of BCal, however, SAS is convinced that it is now the only barrier to BA's achieving its target of removing BCal as a UK competitor on long-haul routes. SAS agrees with BA that BCal is unlikely to survive long in its present condition.

Anglo American hit by coal mining result

BY JIM JONES IN JOHANNESBURG

ANGLO AMERICAN, South Africa's largest mining, financial and industrial group, suffered a pre-tax profit drop in the six months to September largely because of a poorer performance by its coal mining subsidiary.

The interim pre-tax profit fell to R572m ($290m) from R678m despite the fact that dividend income, largely from gold and diamond investments, increased.

Mr Gavin Relly, the chairman, expected second half results to show a similar trend to the first half, despite the effect of the black miners' strike in August on gold mining dividends, due to be announced at the end of calendar 1987. Amcoal, the coal subsidiary, continued to be affected by declining exports as sanctions took their toll.

Mr Relly warned that the stock market collapse had cut the net asset value of ordinary shares. Net asset value was R127.27 a share on September 30, but was a third lower at R85.49 on November 19.

● **Rembrandt**, the tobacco, liquor and financial group, lifted pre-tax profits to R268.1m in its six months to September from R215.2m as the group's 25 per cent interest in Volkskas, South Africa's fourth largest bank, was accounted as an associate for the first time.

In the period Rembrandt acquired an indirect, effective 10 per cent interest in Gold Fields of South Africa (GFSA) from London-headquartered Consolidated Gold Fields, as well as gaining rights to other GFSA shares owned by Gold Fields. The transaction was believed to have been designed in part to protect GFSA from Anglo American.

Net earnings increased to 60.2 cents a share from 41.4 cents and the interim dividend has been raised to 6.9 cents from 5.5 cents.

Japanese trust banks at record six-month high

BY IAN RODGER IN TOKYO

COMBINED pre-tax profits of Japan's seven trust banks jumped 23.9 per cent to a record Y322.9bn ($2.4bn) in the six months to September.

The trust business was buoyant during the period, as aggressive financial investment by industrial companies and other institutions, the so-called *Zaitech* boom, continued at a high level. For example, the balance of money trusts, including the Tokkin special money trusts widely used by industrial companies for investing their surplus funds, increased by Y6,106.8bn or 59.3 per cent during the period.

The balance of pension trusts rose 16 per cent. The trust banks' total funds, made up of deposits, loan trusts, money trusts and pension trusts, stood at Y101,950bn at the end of September, up 23 per cent.

JAPANESE TRUST BANKS

	Operating profit		Pre-tax profit		Net profit	
	Ybn	%	Ybn	%	Ybn	%
Sumitomo	76.5	+37.4	77.1	+19.5	30.5	+22.2
Mitsubishi	73.4	+36.1	76.0	+26.5	31.5	+26.6
Mitsui	68.7	+55.7	52.9	+11.7	25.0	+30.4
Yasuda	53.4	+74.3	49.5	+36.9	20.1	+43.1
Toyo	52.8	+81.7	42.4	+35.6	18.3	+39.4
Chuo	22.5	+18.0	19.3	+19.7	6.5	+30.9
Nippon*	6.0	+83.0	5.4	+12.3	2.6	+67.3

Parent company results, half-year to September

Encor looks further afield for counter bids

By Robert Gibbens in Montreal

ENCOR ENERGY Corporation is looking further afield for potential offers to counter the C$980m ($753.8m) bid for all its stock from TransCanada PipeLines. It has provided confidential material to "certain companies" which it would not identify.

TCPL has bought a farther 1.4m Encor shares to increase its holding from 8 per cent originally to about 12.5 per cent, and Mr Gerald Maier, president, said the company is confident it will succeed in winning at least 50.1 per cent of Encor, a profitable oil and gas producer formerly known as Dome Canada.

TCPL tried to hold up Encor's plan to buy back 4.2 per cent of its shares in an application to the Ontario Securities Commission, but Encor was allowed to go ahead yesterday.

Builder buys into Central

BY DAVID WHITE IN MADRID

SPECULATION surrounding Spanish bank shares has increased further as a result of the announcement that a private construction group is to take control of the largest shareholding packet in Banco Central,the country's top commercial bank.

The move, made in agreement with the Kuwait Investment Office (KIO), gives the Construcciones y Contratas group control over KIO's holding of just under 5 per cent, plus a further package of more than 5 per cent, which it has agreed to buy from other shareholders, mainly foreign institutions. In addition it is expected to exercise "representative rights" over the 2 per cent held by the KIO-controlled company Torras Hostench.

This effective 12 per cent stake compares with about 20 per cent in the hands of board members and top management of the Banco Central group. The banks' shares are listed in New York, Chicago, Paris, Frankfurt and London as well as on Spanish exchanges.

The Spanish authorities are understood to have indicated approval for the deal.

The building group, owned by the Cortina and Alcocer families, already holds the main stake in the medium-sized Banco Zaragozano with 34 per cent.

The announcement followed rumours of a possible bid for Banco Central in the wake of Banco de Bilbao's proposal to absorb the larger Banco Espanol de Credito (Banesto).

WORLD COMMODITIES PRICES

LONDON MARKETS

THE LONDON Metal Exchange copper market's retreat from a record dollar level continued yesterday when the cash grade A position closed £31 down at £1,530 a tonne. That followed a £20 fall on Thursday. The three month position fell a much more modest £3.75 yesterday but still ended nearly £36 down from Wednesday's peak. Dealers said the reduced cash premium was encouraged by freer "lending" (selling cash and buying forward). In contrast the aluminium market steadied following its midweek fall and the cash standard position closed £2 up at£921 a tonne. But it was still down £20 on the week. Dealers said there appeared to be little fresh trading incentive in the market and prices were fluctuating in rather thin dealings. The zinc market came under renewed pressure,'the cash position's £8.25 fall to £475.50 a tonne taking the loss on the week to £14.50.

SPOT MARKETS

Crude oil (per barrel FOB January)		+ or -
Dubai	$16.60-6.70	
Brent Blend	$17.75-7.85y	+0.025
W.T.I.(1 pm est)		
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$181-183	+1
Gas Oil	$161-163	
Heavy Fuel Oil	$83-84	-1
Naphtha	$152-154	-1
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$478.50	+0.75
Silver (per troy oz)♣	703c	+6.5
Platinum (per troy oz)	$514.25	+3.75
Palladium (per troy oz)	$126.25	+3.25
Aluminium (free market)	$1700	+50
Copper (US Producer)	114¼-125c	
Lead (US Producer)	42.00c	
Nickel (free market)	296c	
Tin (European free market)	£3870	-10
Tin (Kuala Lumpur market)	17.03r	+0.02
Tin (New York)	321.00c	
Zinc (Euro. Prod. Price)	$860	
Zinc (US Prime Western)	$44.375	
Cattle (live weight)†	101.87p	+1.92*
Sheep (dead weight)†	185.50p	+5.51*
Pigs (live weight)†	69.80p	+0.31*
London daily sugar (raw)	$202.00w	+1.20
London daily sugar (white)	$208.60w	+1.60
Tate and Lyle export price	£217.50	
Barley (English feed)	£109.50y	-0.50
Maize (US No. 3 yellow)	£134.00x	
Wheat (US Dark Northern)	£91.75y	-0.50
Rubber (spot)♥	62.00p	
Rubber (Jan) ♥	63.25p	-0.50
Rubber (Feb) ♥	63.50p	-0.50
Rubber (KL RSS No 1)	263.50m	+2.50
Coconut oil (Philippines)§	$497.50s	
Palm Oil (Malaysian)§	$375.00	
Copra (Philippines)§	$320.00y	
Soyabeans (US)	$144.00	-0.50
Cotton "A" index	76.70c	
Woottops (64s Super)	485p	-8

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. w-Dec/Jan. s-Jan/Feb. x-Nov/Dec.y-Dec. † Meat Commission average fatstock prices. * change from a week ago. ♥ London physical market. § CIF Rotterdam. ♣ Bullion market close. m-Malaysian/Singapore cents/kg

COCOA £/tonne

	Close	Previous	High/Low
Dec	1088	1092	1094 1082
Mar	1122	1123	1128 1118
May	1144	1143	1146 1138
Jly	1162	1162	1164 1158
Sep	1180	1181	1181 1180
Dec	1207	1208	1207 1204
Mar	1230	1230	1230 1225

Turnover: 2737 (1887) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for November 25: 1452.27 (1471.58) .10 day average for November 26: 1457.60 (1458.62) .

COFFEE £/tonne

	Close	Previous	High/Low
Nov	*1229	1238	1237 1225
Jan	1258	1267	1262 1255
Mar	1278	1285	1281 1276
May	1297	1301	1300 1294
Jly	1312	1320	1318 1310
Sep	1330	1345	1334 1328
Nov	1350	1370	1354 1350

Turnover: 3038 (1324) lots of 5 tonnes
ICO indicator prices (US cents per pound) for November 25: Comp. daily 116.35 (116.47); 15 day average 115.94 (115.74).

SUGAR $ per tonne

Raw	Close	Previous	High/Low
Mar	182.00	181.60	182.20 180.80
May	181.80	181.60	181.80 181.00
Aug	182.00	181.60	182.20 180.80
Oct	183.00	182.20	183.00 181.40
Dec	84.00	185.20	
Mar	189.00	189.20	
White	**Close**	**Previous**	**High/Low**
Mar	212.50	213.10	213.50 212.20
May	218.50	217.50	217.70 218.50
Aug	222.50	224.00	223.00 221.50
Oct	222.00	224.00	223.00 221.50
Dec	220.00	225.00	
Mar	223.00	230.00	
May	225.00	233.00	

Turnover: Raw 1588 (3048) lots of 50 tonnes; White 810 (1029) .
Paris- White (FFr per tonne): Mar 1196, May 1221, Aug 1264, Oct 1264, Dec 1270, Mar 1305.

GAS OIL $/tonne

	Close	Previous	High/Low
Dec	163.00	162.00	163.00 161.00
Jan	162.25	161.25	162.50 160.75
Feb	160.00	160.25	160.25 159.00
Mar	155.00	154.50	155.00 155.00
Apr	151.75	151.75	151.75 151.75
May	152.00	151.50	152.00 152.00

Turnover: 1544 (1905) lots of 100 tonnes

GRAINS £/tonne

Wheat	Close	Previous	High/Low
Jan	115.80	115.50	115.80 115.40
Mar	117.75	117.50	117.80 117.50
May	120.15	119.90	120.15 119.90
Jly	122.95	123.05	123.10 122.95
Sep	103.00	103.00	103.25 103.00
Nov	104.85	104.75	104.85 104.75
Barley	**Close**	**Previous**	**High/Low**
Jan	107.80	107.85	107.80 107.60
Mar	109.55	109.70	109.85 109.55
May	110.85	111.50	111.25 110.85
Sep	97.90	97.90	97.90 97.90
Nov	99.90	99.90	99.90 99.90

Turnover: Wheat 246 (711) , Barley 5 (140) lots of 100 tonnes.

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 250 tonne
Cash	1680-700	1650-70	1690	1690-710		
3 months	1650-60	1630-50		1660-80	1655-65	2,495 lots
Aluminium,99.5% purity (£ per tonne)						Ring turnover 22,650 tonne
Cash	920-2	918-20	930/925	929-30		
3 months	902-3	899-900	909/902	907-8	903-4	59,752 lots
Copper, Grade A (£ per tonne)						Ring turnover 53,175 tonne
Cash	1520-40	1558-68	1550/1545	1545-50		
3 months	1321.5-22	1325-6	1325/1271	1322-3	1324-5	79,628 lots
Copper, Standard (£ per tonne)						Ring turnover 400 tonne
Cash	1450-70	1480-500	1510/1480	1490-2		
3 months	1290-310	1310-20		1300-10		45 lots
Silver (US cents/fine ounce)						Ring turnover 0 ozs
Cash	696-701	691-3		695-7		
3 months	710-5	703-5		708-10	720-5	622 lots
Lead (£ per tonne)						Ring turnover 11,875 tonne
Cash	370-1	372-3	372/367	367-8		
3 months	354.5-55	358-9	360/352	355-5.5	353-4	12,809 lots
Nickel (£ per tonne)						Ring turnover 3,162 tonne
Cash	3590-600	3650-60		3670-5		
3 months	3540-50	3580-1	3555/3520	3525-35	3540-5	8,923 lots
Zinc (£ per tonne)						Ring turnover 10,700 tonne
Cash	475-6	483.5-84	480/477	476-7		
3 months	475.5-76	483.5-84	481/474.5	476-7	474-5	15,059 lots

POTATOES £/tonne

	Close	Previous	High/Low
Feb	97.0	95.0	
Mar	88.5	90.0	90.0 90.0
Apr	148.1	150.1	150.0 148.1
May	161.0	163.5	
Nov	80.0	80.0	
Feb	88.0	88.0	

Turnover: 394 (107) lots of 100 tonnes.

SOYABEAN MEAL £/tonne

	Close	Previous	High/Low
Feb	145.50	144.00	145.00 145.00
Apr	140.50	139.50	140.20 139.00
Jun	131.00	129.00	130.00 129.00
Aug	128.50	128.50	
Oct	127.50	127.50	127.00
Dec	128.50	129.00	

Turnover: 165 (195) lots of 100 tonnes.

FREIGHT FUTURES £/index point

	Close	Previous	High/Low
Jan	1250.5	1241.0	1257.0 1240.0
Apr	1284.0	1275.0	1287.0 1283.0
Jly	1145.0	1142.5	1145.0 1135.0
Oct	1239.0	1238.5	1250.0 1239.0
BFI	1171.5	1169.0	

Turnover: 232 (146)

SPICES
Trade in pepper has remained extremely limited and lack of offtake by industrial buyers has made origin sellers somewhat nervous. They are adjusting their price ideas in order to create more buying interest - so far without much success. Meanwhile stocks available for immediate delivery remain extremely tight and spot prices are well above shipment levels. Muntok white of fair average quality has been quoted at $6,500 a tonne and December/January shipment at $5,900 cif. Sarawak black has been available at $4,850 and December/January shipment from origin at $4,400 cif. The market for nutmegs and mace has been coming under pressure, reflecting a cut in demand following two years of high prices, and deliveries for next year are being traded at significant discounts.

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	478¼-478¾	284¾-285¼
Opening	478-479¼	284¾-285¼
Morning fix	477¾	284¾
Afternoon fix	478½	284¾
Day's high	479-479½	
Day's low	477½-478	
Coins	**$ price**	**£ equivalent**
US Eagle	492-494	272-275
Mapleleaf	492-494	272-275
Britannia	492-494	272-275
Krugerrand	477-480	284-286
1/2 Krug	248-257	137-142
1/4 Krug	123-131	68-72¼
Angel		
1/10 Angel		
New Sov.	112½-113½	62¼-63
Old Sov.	112½-114	62¼-63¼
Noble Plat	526-536	291¼-297

Silver fix	p/fine oz	US cts equiv
Spot	387.95	700.35
3 months	395.25	713.10
6 months	404.60	728.15
12 months	421.50	758.75

LONDON METAL EXCHANGE TRADED OPTIONS

Aluminium (99.5%)	Calls		Puts	
Strike price $ tonne	Jan	Mar	Jan	Mar
1650	78	76½	70½	112
1675	65	67	84	127
1700	54½	58½	96½	143
Copper (Grade A)	**Calls**		**Puts**	
Strike price $ tonne	Jan	Mar	Jan	Mar
2350	294	254	87	272
2450	234	215	126	331
2550	182	180	174	394
Copper (Grade A)	**Calls**		**Puts**	
Strike price £ tonne	Jan	Mar	Jan	Mar
1375	85½		42	
1400	72		53	
1425	59½		65½	

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low
Dec	486.1	478.9	487.4 477.8
Jan	489.4	480.0	0 0
Feb	492.3	482.9	493.5 484.0
Apr	496.3	488.8	499.9 490.0
Jun	504.3	494.5	504.5 495.5
Aug	510.6	500.6	510.0 502.5

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low
Jan		171.50	
Mar		169.80	
May		169.40	
Jly		169.15	
Sep		168.70	
Jan		161.00	
Mar		161.00	

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low
Dec	1860	1860	1860 1855
Mar	1863	1863	1860 1846
May	1890	1890	1904 1880
Jly	1920	1920	1929 1920
Sep	1949	1949	0 0
Dec	1986	1986	2002 1991
Mar	2017	2017	2040 2010

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low
Dec	127.13	127.13	127.25 126.40
Mar	130.99	130.99	131.30 130.25
May	132.80	132.80	133.00 132.15
Jly	133.95	133.95	134.50 133.90
Sep	136.30	136.30	0 0
Dec	137.25	137.25	137.25 137.25
Mar	138.00	138.00	138.00 138.00

COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low
Dec	118.10	118.50	118.90 112.00
Jan	114.90	114.00	111.00 111.00
Mar	108.45	109.00	112.00 104.00
May	100.50	101.50	103.00 96.00
Jly	96.10	97.50	97.50 92.00
Sep	94.20	95.80	95.00 92.00
Dec	92.70	94.70	94.00 89.00
Jan	92.55	94.65	0 0
Mar	92.30	94.30	93.00 93.00

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low
Dec	506.6	506.6	0 0
Jan	510.6	510.6	519.0 508.0
Apr	518.9	518.9	527.0 517.0
Jly	527.1	527.1	534.0 527.0
Oct	535.3	535.3	542.0 540.0
Jan	543.8	543.8	0 0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low
Dec	713.5	693.0	720.0 699.0
Jan	718.5	697.7	718.0 718.0
Mar	729.5	707.4	738.0 715.0
May	739.8	717.2	745.0 726.0
Jly	753.0	727.0	756.5 738.0
Sep	760.8	737.2	749.0 749.0
Dec	777.0	752.5	782.0 760.0
Jan	781.8	757.1	0 0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low
Jan	7.40	7.40	7.35 7.35
Mar	7.93	7.93	7.98 7.79
May	8.02	8.02	8.04 7.83
Jly	8.04	8.04	8.05 7.86
Oct	8.06	8.05	8.08 7.92
Jan	8.20	8.20	0 0
Mar	8.41	8.41	8.36 8.27

COTTON 50,000; cents/lbs

	Close	Previous	High/Low
Dec	71.25	70.09	71.25 70.10
Mar	71.82	70.45	71.85 70.38
May	72.05	70.95	72.12 71.00
Jly	72.21	71.13	72.20 71.10
Oct	65.80	65.10	65.90 65.30
Dec	64.60	65.10	64.70 64.00
Mar	65.70	65.05	0 0

CRUDE OIL (Light) 42,000 US galls $/barrel

	Close	Previous	High/Low
Jan	18.62	18.62	18.75 18.58
Feb	18.52	18.53	18.64 18.49
Mar	18.50	18.51	18.59 18.49
Apr	18.46	18.48	18.55 18.46
May	18.42	18.46	18.48 18.42
Jun	18.38	18.46	18.46 18.41
Jul	18.34	18.44	18.44 18.32
Aug	18.30	18.30	18.30 18.30
Sep	18.26	18.30	0 0
Oct	18.22	18.30	0 0

HEATING OIL 42,000 US galls, cents/US galls

	Close	Previous	High/Low
Dec	55.97	55.75	56.00 55.40
Jan	55.20	55.00	55.25 54.65
Feb	54.40	54.20	54.50 54.00
Mar	52.25	52.05	52.30 51.85
Apr	50.30	50.00	50.30 50.00
May	49.10	49.00	49.00 49.00
Jun	48.50	48.50	48.50 48.25
Jul	48.55	48.30	48.30 48.30

Chicago

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low
Dec	18.68	18.24	18.70 18.33
Jan	18.92	18.44	18.95 18.51
Mar	19.25	18.81	19.29 18.92
May	19.55	19.10	19.56 19.22
Jly	19.72	19.30	19.75 19.40
Aug	19.65	19.30	19.65 19.50
Sep	19.70	19.35	19.70 19.50
Oct	19.65	19.32	19.65 19.55
Dec	19.77	19.47	19.80 19.55

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low
Dec	221.5	214.2	223.0 216.0
Jan	211.1	205.5	212.5 207.8
Mar	202.2	198.2	204.0 201.0
May	194.2	190.8	195.5 192.5
Jly	189.5	186.7	191.5 189.0
Aug	188.5	186.0	191.0 188.0
Sep	187.2	184.5	189.0 186.0
Oct	183.0	180.0	184.5 182.0
Dec	182.5	179.6	184.0 181.5

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low
Dec	303/4	301/0	304/0 298/0
Mar	313/4	312/6	315/4 310/2
May	311/4	309/0	311/6 307/4
Jly	297/4	296/2	300/0 295/0
Sep	302/4	300/0	303/0 301/0
Dec	311/0	308/0	312/0 311/0

INDICES

REUTERS (Base: September 18 1931 = 100)			
Nov 25	Nov 26	mnth ago	yr ago
1704.3	1704.3	1679.7	1611.9

DOW JONES (Base: September 18 1931 = 100)	
Spot	130.62
Futures	134.47

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low
Dec	44.72	44.90	44.90 44.60
Feb	44.12	44.07	44.32 43.95
Apr	39.90	40.02	40.07 39.67
Jun	42.70	42.65	42.75 42.40
Jly	43.20	43.12	43.20 43.05
Aug	42.00	42.12	42.30 41.90
Oct	39.05	39.02	39.20 39.05
Dec	39.85	39.85	0 39.80

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low
Dec	190/0	188/2	192/4 189/2
Mar	198/6	195/4	199/6 198/0
May	202/4	200/6	204/2 200/4
Jly	208/2	205/4	208/4 205/4
Sep	204/0	202/2	204/6 203/0
Dec	201/0	198/6	202/0 198/6
Mar	207/0	204/4	207/2 204/6

PORK BELLIES 38,000 lbs; cents/lb

	Close	Previous	High/Low
Feb	56.60	56.05	56.80 56.00
Mar	56.35	55.72	56.45 55.85
May	57.70	57.45	57.75 56.75
Jly	57.20	56.70	57.20 57.00

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low
Jan	610/6	600/0	613/4 603/0
Mar	619/4	607/4	622/4 610/4
May	621/6	612/6	625/4 615/0
Jly	626/2	615/6	629/4 618/4
Aug	624/4	614/6	627/4 623/0
Sep	598/4	592/4	604/0 597/0
Nov	594/2	589/0	597/0 591/0
Jan	600/0	596/0	602/0 600/0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low
Dec	66.35	66.22	66.47 66.10
Feb	63.22	63.05	63.30 62.95
Apr	65.17	65.05	65.20 64.90
Jun	65.27	64.97	65.32 64.85
Aug	63.37	62.95	63.40 62.70
Oct	62.72	62.90	62.80 62.40
Dec	64.15	63.95	64.15 63.60

WORLD STOCK MARKETS

NEW YORK

[illegible]

WALL STREET

Prices drift lower with few traders

Wall Street stocks were lower but adrift with traders absent and investors uninterested in making a move.

The dollar was lower and Treasury yields rose as the Commodities Research Bureau futures index continued to rise, although brokers saw little reaction.

The Dow Jones Industrial Average was down 7.79 points at 1,939.66 and confined to a narrow trading range. Declines led advances seven to four.

Precious metal miners rose with commodity futures prices. ASA Ltd gained $3 to $53½, Battle Mountain was up $1¾ at $21½ and Newmont Gold rose $1½ to $38¼.

CANADA

Toronto stocks, buoyed by golds, bucked the Wall Street trend in moderately active mid-day trading and built on the gains posted most of the week.

The composite index, which rose 80 points on Thursday, climbed another 20.2 to 3095.8 as advances outpaced declines 415 to 280 on volume of 17.1m shares.

Among active golds, Placer Dome gained C$¾ to C$20, Lac Minerals was up C$⅛ at C$13¾ and Hemlo was up C$⅛ at C$19⅛. Base metal mining companies were mixed and banking stocks slipped after rising on Thursday on some good fourth quarter earnings reports: Toronto Dominion slid C$⅛ at C$27¼ and Bank of Nova Scotia was down C$⅛ at C$12⅝.

Closing prices for N America were not available for this edition.

TOKYO

Increased worry over a weaker dollar dragged share prices slightly lower by the close after modest trade.

News that the Bank of Japan had intervened to buy a small amount of dollars called investors' attention to the dollar's weakness, reversing early morning gains.

The Nikkei average fell 13.56 points, or 0.06 per cent, to 23,268.62 after hitting a high of 23,313.60. Declines led advances almost five to four in turnover of 650m shares.

Pharmaceutical shares, normally immune to the currency market, fell on short-term profit-taking; electricals eased on the dollar's weakness; securities house shares fell on pessimistic sentiment; and textile, service, glass/cement, non-ferrous metal, retail, rubber, and warehouse shares gained.

Many brokers were disappointed, having expected the index to rise in heavy volume due to the start of the December trading period and recommendations by major Japanese brokerages to buy domestic demand-related stocks.

One broker said the market had shifted from a focus on the US economy to a more global perspective concerning exchange rates while others were optimistic that Japan would enjoy its traditional year-end rally as long as Wall Street remained stable.

HONG KONG

Better-than-expected results at a government land auction helped share prices to close higher.

The Hang Seng index ended the day 14.60 points higher at 2,194.18. Turnover rose to HK$942.7m from HK$707.7m on Thursday.

A joint venture between Cheung Kong and Hopewell bought the main site at the auction for HK$470m in active bidding. Analysts were looking to the sale for signs of the property market's health after last month's stock slide.

Hang Lung Development also bought a site for HK$265m, a price slightly better than expected. Cheung Kong rose 15 cents to HK$6.80, Hopewell 15 to HK$2.65 and Hang Lung Development 10 to HK$4.80.

The settlement of November index futures contracts will also relieve selling pressure on stocks next week. The November contract closed at 2,178 points, two points lower, and the settling index of the month was 2,174. December contracts gained 19 points to 2,204. A total of about 800 lots were traded.

AUSTRALIA

The Australian share market closed cautiously higher as investors pursued quality gold-related and resource stocks.

Gold bullion's steadiness at post-crash highs buoyed demand for mining scrip generally, although industrials enjoyed only selective favour because Thursday's closure in New York for the Thanksgiving holiday tempered interest.

At the close, the all ordinaries was higher at 1321.9. The gold marker climbed 57.6 to 2150.0, the all resources 9.8 to 792.2 and the all industrials 8.4 to 2007.1. National turnover was a thin 105.92m shares worth A$154.03m and rises outnumbered falls three to two.

Gold-related stocks dominated as bullion prices opened steady on the London close at $477.40/80 an ounce. Metana rose 70 cents to A$9.60 and Sons of Gwalia was 50 higher at A$8.50.

SINGAPORE

Share prices continued to ease in very quiet trading. The Straits Times industrial index lost 3.65 points to 814.85 from Thursday's close of 818.50.

Market sentiment remained bearish following renewed concern over the US dollar's decline and lower overseas stock markets, although price changes were mostly small and restricted to a few cents.

Lack of fresh incentives and the absence of any direction from Wall Street, closed for Thanksgiving, kept most institutions on the sidelines and turnover declined to 13.0m shares from Thursday's 15.0m.

FRANKFURT

German shares ended largely easier as a mid-session rally, centring on chemicals, gave way to cautious position squaring ahead of the weekend. Continued instablity of the dollar was also a factor.

One dealer said: "The dollar hangs over the market like a sword." He said that uncertainty about the dollar meant much of yesterday's trading was between dealers.

Other dealers blamed lack of interest before the weekend for the share fall.

In chemicals, Bayer ended at DM270, DM2.50 above Thursday'sclose. Hoechst also showed a gain, rising DM1.40 to DM264.90, but BASF, still weakened by yesterday's news that interim pretax profits rose only 0.4 per cent, edged lower.

In banks, Deutsche lost DM2 to DM424.50, Commerzbank slipped DM0.50 to DM225.50 and Dresdner was unchanged

MILAN

Share prices closed higher in active trading on the monthly settlement date, with Ferruzzi Agricola Finanziaria and Fiat among stocks sought.

Ferruzzi Agricola Finanziaria closed 4.1 per cent up at L1,418, following the Ferruzzi group's announcement on Thursday that it would nominate its chairman Raul Gardini to the post of Montedison president.

CANADA

November 26	Price Can. $	+ or −
[illegible]	[illegible]	[illegible]

AUSTRIA

[illegible]

BELGIUM/LUXEMBOURG

[illegible]

DENMARK

[illegible]

FINLAND

[illegible]

FRANCE

[illegible]

GERMANY

[illegible]

ITALY

[illegible]

NETHERLANDS

[illegible]

NORWAY

[illegible]

SPAIN

[illegible]

SWEDEN

[illegible]

SWITZERLAND

[illegible]

SOUTH AFRICA

[illegible]

JAPAN

[illegible]

JAPAN (Continued)

[illegible]

AUSTRALIA

[illegible]

AUSTRALIA (Continued)

[illegible]

HONG KONG

[illegible]

SINGAPORE

[illegible]

Indices

NEW YORK

DOW JONES

[illegible]

STANDARD AND POOR'S

[illegible]

TRADING ACTIVITY

[illegible]

CANADA

TORONTO

[illegible]

NEW YORK ACTIVE STOCKS

[illegible]

FOREIGN EXCHANGES

Dollar slips to record lows

YESTERDAY'S WEAKER dollar trend was really a logical extention of market sentiment. It was the timing that caught most people off guard. Sandwiched between Thursday's holiday in the US and the weekend, activity was expected to be very subdued and certainly not sufficient to push the dollar to record lows against the D-Mark and yen.

Yet with hindsight, dealers could find little reason to wait until next week to punish the dollar once more. Prospects of a successful and early conclusion to talks aimed at gift wrapping cuts in the US budget deficit for Christmas were seen as less than encouraging.

There were no economic statistics of note to provide any support,so the dollar was sold. Trading volume was below even the relatively low level experienced on a normal Friday but was sufficient to push the dollar to a record low of DM1.6535 before closing at DM1.6540 down from DM1.6685 on Thursday. Against the yen it fell to a record low of Y133.55 and closed at Y133.65 down from Y134.55. Elsewhere it slipped to SFr1.3575 from SFr1.3685 and FFr5.6250 compared with FFr5.6625. On Bank of England figures, the dollar's exchange rate index fell from 95.8 to 95.4.

. Sterling rose to its best level since May 1982 against the dollar, closing at $1.81, up from $1.7945 on Thursday. Dollar weakness and a growing conviction that UK base rates were likely to stay put until the New Year gave the pound a strong undertone and dealers suggested that there could be another push on the DM3.00 level, until now so jealously guarded by the Bank of England.

The pound's exchange rate index finished at 76.0 up from 75.7. It was unchanged against the D-Mark at DM2.9950 but rose to Y242.0 from Y241.50 and SFr2.4575 compared with SFr2.4550. It was also higher against the French franc at FFr10.1825 from FFr10.1625.

D-MARK-Trading range against the dollar in 1987 is 1.9305 to 1.6540. October average 1.8011. Exchange rate index 151.6 against 146.7 six months ago.

Growing disillusionment with the limited affect of recent efforts to reduce world trade imbalances resulted in further dollar selling in Frankfurt. The dollar closed at DM1.6575 from DM1.6665.

JAPANESE YEN-Trading range against the dollar in 1987 is 159.45 to 133.65. October average 143.27. Exchange rate index 229.6 against 222.4 six months ago.

A lack of confidence prompted further dollar sales in Tokyo. The US unit fell to Y133.75 from Y134.75 on Thursday.

£ IN NEW YORK

Nov.27	Latest	Previous Close
£ Spot	1.8070-1.8080	1.7920-1.7925
1 month	0.30-0.29pm	0.34-0.33pm
3 months	0.63-0.60pm	0.66-0.63pm
12 months	1.80-1.70pm	1.70-1.67pm

Forward premiums and discounts apply to the US dollar

POUND SPOT- FORWARD AGAINST THE POUND

Nov.27	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.8020-1.8110	1.8095-1.8105	0.19-0.16cpm	1.16	0.58-0.53pm	1.23
Canada	2.3617-2.3692	2.3670-2.3680	0.02-0.12cdis	-0.35	0.08dis-0.05pm	-0.05
Netherlands	3.36¼-3.37¼	3.36¼-3.37¼	1½-1¼cpm	4.68	3⅝-3¼pm	4.01
Belgium	62.45-62.75	62.65-62.75	20-10cpm	2.87	40-25pm	2.07
Denmark	11.52¾-11.57	11.56-11.57	1½-3⅛oredis	-2.59	1⅞-4⅜dis	-1.02
Ireland	1.1085-1.1300	1.1265-1.1275	0.03-0.04cdis	-0.37	0.04-0.12dis	-0.28
W. Germany	2.99-3.00	2.99-3.00	1½-1¼pfpm	5.51	3¾-3⅝pm	4.92
Portugal	243.00-245.10	243.05-244.05	93-135cdis	-5.57	286-381dis	-5.48
Spain	201.45-202.17	201.60-201.90	95-130cdis	-6.69	260-300dis	-5.55
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-2.72
Norway	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-6.57
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-0.17
Sweden	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-0.46
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	4.55
Austria	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	4.24
Switzerland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	4.78

Belgian rate is convertible francs. Financial franc [illegible]. Six-month forward dollar [illegible]. 12-month 1.75-1.65cpm

STERLING INDEX

[illegible]

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

Nov.27	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1.23
Ireland†	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1.32
Canada	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-1.21
Netherlands	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2.71
Belgium	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	0.75
Denmark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-2.22
W. Germany	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3.80
Portugal	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-6.68
Spain	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-7.29
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-4.08
Norway	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-7.87
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-1.40
Sweden	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-1.70
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3.35
Austria	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2.91
Switzerland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3.57

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc [illegible].

CURRENCY RATES

[illegible]

*CS/SDR rate for Nov.26 N/A

EURO-CURRENCY INTEREST RATES

[illegible]

Long term Eurodollars: two years [illegible] per cent; three years [illegible] per cent; four years [illegible] per cent; five years [illegible] per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

CURRENCY MOVEMENTS

[illegible]

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1975=100).

OTHER CURRENCIES

Nov.27	£	$
Kuwait	0.50200-0.50250	0.27775-0.27785
Luxembourg	62.65-62.75	34.60-34.70
Malaysia	4.4950-4.5050	2.4875-2.4950
Mexico	3793.25-3930.85	2100.00-2175.00
N. Zealand	2.8325-2.8375	1.5700-1.5725
Saudi Ar.	6.7730-6.7790	3.7495-3.7505
Singapore	3.6700-3.6800	2.0300-2.0350
S. Af (Cm)	3.5320-3.5475	1.9570-1.9645
S. Af (Fn)	5.4790-5.6415	3.0350-3.1250
Taiwan	53.10-53.35	29.45-29.55
U.A.E.	6.6340-6.6400	3.6725-3.6735

*Selling rate

EXCHANGE CROSS RATES

Nov.27	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
F Fr.	0.983	1.778	2.941	237.7	10	2.413	3.307	2168	2.325	61.58
S Fr.	0.407	0.737	1.219	98.47	4.143	1	1.370	898.5	0.963	25.51
H Fl.	0.297	0.537	0.889	71.86	3.024	0.730	1	655.7	0.703	18.62
Lira	0.453	0.820	1.356	109.6	4.612	1.113	1.525	1000	1.072	28.40
C $	0.422	0.765	1.265	102.2	4.301	1.038	1.422	932.6	1	26.48
B Fr.	1.595	2.887	4.777	386.0	16.24	3.919	5.371	3522	3.776	100

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

MONEY MARKETS

London rates little changed

INTEREST RATES were virtually unchanged in the London money market yesterday. While sterling remained firm, recent comments made by Mr Nigel Lawson, the Chancellor, suggesting that now was not the time for a cut in base rates, tended to deter traders from forcing the issue.

Three-month interbank money was quoted at 9⅛-8 15/16 p.c., against 9-8 13/16 p.c. on Thursday, while weekend money slipped to a low of 7 p.c., after opening nearer 9¼ p.c., before coming back to finish bid at 10 p.c.

The Bank of England initially forecast a shortage of around £1,650m with factors affecting the market including the repayment of late assistance and bills maturing in official hands

UK clearing bank base lending rate 9 per cent from November 5

together with a take up of Treasury bills draining £610m and Exchequer transactions a further £705m. There was also a rise in the note circulation of £340m. On the other hand banks brought forward balances a nominal £10m above target.

To help alleviate the shortage, the Bank offered an early round of assistance which totaled £532m and comprised sale and repurchase agreements on bills at 8 15/16 p.c., unwinding in equal amounts on December 14 and 21.

A revision at noon took the forecast to a shortage of around £1,700m, before taking into account the early help. The Bank gave additional assistance in the morning of £317m through outright purchases of £2m of eligible bank bills in band 1 at 8⅞ p.c. and sale and repurchase agreements on £315m of bills at 8 15/16 p.c., unwinding in equal amounts on December 14 and 21.

In the afternoon the Bank announced a further revision in the forecast to a shortage of around £1,750m, and further help was given of £431m through purchases of £297m of eligible bank bills in band 1 and £78m in band 2 at 8⅞ p.c. The balance was made up of sale and repurchase agreements on £56m of bills again at 8 15/16 p.c., unwinding in equal amounts on December 14 and 21. Late help came to £345m, making a total of £1,625m.

Doubts about an early cut in UK base rates were reflected in a rise in the average rate of discount at yesterday's weekly Treasury bill tender to 8.4842 p.c. from 8.4431 p.c. The £100m of bills on offer attracted bids of £670m against £833m for a similar amount the previous week and all bills on offer were alloted.

The minimum accepted bid was £97.875 from £97.895 and bids at that level were met as to about 16 p.c. and above in full. Next week a further £100m of bills will be on offer, replacing maturities of £200m.

FT LONDON INTERBANK FIXING

(11.00 a.m. Nov.27) 3 months US dollars		6 months US Dollars	
bid 7⅞	offer 7⅞	bid 7⅞	offer 7⅞

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

		Treasury Bills and Bonds			
Prime rate	8.75	One month	4.36	Three year	8.11
Broker loan rate	8.00	Two month	4.81	Four year	8.34
Fed.funds	6⅞	Three month	5.79	Five year	8.42
Fed.funds at intervention	6¾	Six month	6.47	Seven year	8.83
		One year	7.04	10-year	9.02
		Two year	7.82	30-year	9.12

Nov.27	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	3.10-3.20	3.30-3.45	3.65-3.80	3.65-3.80	3.70-3.85	4.50
Paris	8.4375	8.50	8.5625	8.6875	8.8125	8.00
Zurich	1.00	4.25	-	4.00	-	-
Amsterdam	4.6875	4.75	-	4.9375	-	-
Tokyo	3.53125	3.96875	-	3.90625	-	-
Milan	10.25	11.875	-	11.625	-	-
Brussels	7.30	6.6875	-	6.9375	-	-
Dublin	7.50	8.75	9.00	9.125	9.50	-

LONDON MONEY RATES

Nov.27	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	10.50	9.0625	9.00	9.0625	9.0625	9.1875
Interbank Bid	7.00	8.9375	8.875	8.9375	8.9375	9.125
Sterling CDs	-	-	9.00	8.875	8.875	8.875
Local Authority Deps.	8.875	8.875	8.875	8.875	8.9375	9.0625
Local Authority Bonds	-	-	9.125	9.0625	9.0625	9.125
Discount Mkt Deps.	9.25	8.8125	8.75	8.25	8.00	-
Company Deposits	8.9375	9.0625	8.9375	9.00	9.00	9.125
Finance House Deposits	-	-	8.9375	9.00	9.00	9.25
Treasury Bills (Buy)	-	-	8.843750	8.75 -	-	-
Bank Bills (Buy)	-	-	8.843750	8.6875	8.468750	-
Fine Trade Bills (Buy)	-	-	9.468750	9.3125	9.093750	-
Dollar CDs	-	-	8.00-7.95	7.65-7.60	7.65-7.60	8.00-7.95
SDR Linked Dep Offer	-	-	6.625	6.50	6.5625	6.75
SDR Linked Dep Bid	-	-	6.375	6.25	5.00	6.50
ECU Linked Dep Offer	-	-	7.125	7.125	7.1875	7.3125
ECU Linked Dep Bid	-	-	7.00	7.0625	7.0625	7.1875

Treasury Bills (sell): one-month 8⅝ per cent; three months 8½ per cent; Bank Bills (sell): one-month 8⅝ per cent; three months 8⅝ per cent; Treasury Bills; Average tender rate of discount 8.2877 p.c.ECGD Fixed Rate Sterling Export Finance. Make up day November 30, 1987. Agreed rates for period December 26, to January 25, 1988, Scheme I: 10.51 p.c., Schemes II & III: 10.25 p.c. Reference rate for period October 1 31 to November 30, 1987, Scheme IV: 9.008 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 10.5 from November 1, 1987: Bank Deposit Rates for sums at seven days notice 3-3.5 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 7.5 per cent; one-three months 8.50 per cent; three-six months 8.50 per cent; six-nine months 8.50 per cent; nine-twelve months 8.50 per cent; Under £100,000 7.50 per cent from November 24, Deposits withdrawn for cash 5.00 per cent.

Sterling helps Gilts hinders equities

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
Oct 26	Nov 5	Nov 6	Nov 16
Nov 9	Nov 19	Nov 20	*Nov 30
Nov 23	Dec 3	Dec 4	Dec 14

*New time dealings may take place from 9.00am two business days earlier.

LONDON'S SECURITIES markets continued to limp along in the path of New York's subdued return from holiday, with only the renewed weakness in the dollar giving fund managers' pause for thought.

A move by the pound to above $1.80 for the first time in 5½ years, discouraged the blue chip exporting stocks, while helping Government bonds to add ½ a point. But turnover in both sectors was again very thin.

Nervousness over the pound was not helped by a prediction from Warburg Securities, the big UK investment house, that sterling could reach $1.90 "or even higher".

It is the weakness of the dollar, despite the combination of US moves to cut the budget deficit and interest rate reductions in Europe which has unsettled London's fund managers.

At the same time, London institutional investors realise that UK rates are unlikely to be lowered just now, and were not surprised by the rejection by Mr Nigel Lawson, the UK Chancellor of the Exchequer, of the need for lower UK rates.

Share prices opened lower and proved unable to sustain attempts to rally before sliding away again to end on a weak note, plumbing new lows for the session.

The FT-SE 100 Index closed 9.1 down at 1651.6. Equity turnover was similar to that on Thursday, when SEAQ bargains totalled 17,295 , and less than one third of the Black Monday week's levels.

The London equity market, having jumped sharply at the beginning of the week as Washington reached accord on budget cuts and Germany led cuts in European interest rates, has lost power as the dollar has weakened over the US Thanksgiving holiday.

"For the first time, the markets are telling the politicians what must be done", commented one trader at a leading US securities house.

Also discouraging investment confidence in London was a poor response from UK investors for the £770m offer for sale of shares in Eurotunnel, the Anglo-French Channel Tunnel group.

Among the blue chip exporting stocks, ICI looked dull, **Glaxo** continued to give ground as the market assessed the implications of the threat to pricing of Zantac from the French regulatory authorities.

Despite a calmer bullion price trend, **Consolidated Goldfields** continued to edge higher, although the gold producer issues had a slack session. **Shell** stood out again in an oil share market still upset by crude price uncertainty.

Government bonds were "very quiet", although some sources reported some support from the UK pension funds. Prices were damped off at the close by a weak performanmce by US bonds, reflected in a downturn in bond futures.

"Gilts are still a safer place to be than equities", commented a US trader. This week has seen institutions uncertain whether to stay in Gilts or to take profits out of the sector and move into cash - there has been little sign this week of intentions to move back into the equity market.

Tate and Lyle, diversified UK-based sugar refiner, provided one of the day's rare bright spots, rising 34 to 701p reflecting a squeeze on bear positions ahead of the annual results due next Thursday.

The shares have performed well in recent days helped by satisfactory results from its Canadian subsidiary Redpath Industries; marketmakers and analysts expect the company to produce profits of around £90-£94m for the full year.

Electronic Rentals (ERG) surged 6 to 78p, after 79p, after Granada Group announced an increased and agreed bid valuing the shares at some 85p and the company at around £250m; Holland's Philips group, holder of 21.8 per cent of ERG, irrevocably accepted the higher offer.Granada's original offer valued ERG at around £210m.

Chase Manhattan Securities' Brian Newman was enthusiastic about the merger of the two groups; "the tie-up creates a TV and video rentals operation with over 3m rental agreements operating from around 1,000 outlets with potential cost savings to the enlarged group of some £15m a year".

Granada Group shares were finally a penny easier at 262p; the company is scheduled to announce interim figures on December 9 and Chase are forecasting pre-tax profits of £108m against a comparable figure of £94m.

Marks and Spencer, a weak market recently following speculation of poor sales in the run up to Christmas, came under further heavy selling pressure after company representatives addressed institutions in Scotland.

The shares dipped 7 more to 177p after a turnover of more than 5m shares with Smith New Court said to have initiated the round of selling pressure.

Financial sectors lacked impetus in either direction. The clearing banks moved higher during the morning but tended to run out of steam as the day wore on. **Barclays** advanced to 465p early on but eventually settled a net 8 higher at 458p. **Lloyds** and **Midland** were finally a couple of pence off at 248p and 373p respectively. **NatWest** were unaltered overall at 548p;the proposed offering of shares to Japanese institutions and investors has been postponed following the market crash since mid-October.

Royal Bank of Scotland dipped 2 to 293p ahead of Thursday's interim results. **Standard Chartered,** bought recently after Robert Holmes a Court's interest sold the 10 per cent stake in Texaco, slipped back 5 to 475p.

Life assurances made modest progress across the board. **Abbey** attracted persistent support, helped by a recent Wood Mackenzie buy recommendation, and settled 4 up at 238p, while **Legal & General** added a similar amount to 256p. **Pearl** featured with a 10 jump to 345p with dealers pondering the possibility of the start of a stake-building operation in the stock. Composites were quietly mixed as were broking issues.

Trevian, a property development group, staged a satisfactory debut in the Unlisted Securities Market, the shares opening at the placing price of 70p and edging forward to 73p.

Inter-market activity brought swift responses in selected Brewery issues. **Bass** featured among the leading stocks with a jump of 19 to 811p; the group is scheduled to report preliminary figures next Thursday and most City analysts are looking for profits of around £360m. Marketmakers were also chasing each other's tails in **Scottish & Newcastle** and the sharp rise in the shares of 11 to 222p gave rise to speculationthat New Zealander Ron Brierley could be raising his stake to a disclosable level. Recently-acquired **Matthew Brown** gained 20 to 654p in sympathy. **Allied-Lyons** firmed to 334p after news of the increase in the US dollar multiple option facility from $500m to $755m and of extended terms to March 1993. The increase has been fully underwritten and was oversubscribed. **H.P.Bulmer** went better following a disposal to Cadbury-Schweppes to close 3 higher at 147p. The cidermaker has sold Red Creek, a UK subsidiary which trades in the US, for £3m.

Leading Buildings made a lack-lustre showing and tended easier where changed owing to a lack of buying interest. **Blue Circle,** which on Thursday disclosed a 2.6 per cent holding in Birmid Qualcast, drifted back to close 10 off at 319p. **BPB Industries** failed to attract any worthwhile support despite a mildly bullish Press response to the interim results and settled 7 off at 237p, this despite reports of a satisfactory luncheon meeting with leading agency broker James Capel. **Redland** were a shade dearer at 362½p in the wake of the half-year figures, but **RMC** softened 6 to 400p.

Features in the Chemical sector were few, but **Anchor** continued to rise on reports that Kennedy Smale may emerge as a possible white knight for the company and closed 15 higher at 630p; Kennedy has increased its holding in Anchor to 3.6 per cent via market purchases and spent Thursday talking to the Anchor board. Anchor, which manufactuers speciality chemicals, saw a long-standing 29.5 per cent stake change hands on Monday and the buyer was Air Products, the US industrial gases group, which has made an official bid approach to Anchor. **Leigh Interests** gained 13 to 177p in reply to doubled interim profits and **Coalite** hardened 4 to 289p. **Wardle Storeys** slipped 10 to 515p.

Dixons remained a weak market and retreated 9 more to 207p, still depressed by the recent profits downgrading by Citicorp Scrimgeour Vickers whose profits forecast for the year to April 1988 has been cut from £145m to £135m.

A busy week in the electronics and electricals sectors ended on a relatively quiet note. **Thorn EMI,** a weak market on Thursday when Plessey's purchase of Ferranti's microchip business effectively killed hopes of the company buying the Inmos stake, rallied strongly to close 15 higher at 541p;the company announced it is buying the remaining shares in its Australian associate for some A$104m. Thorn EMI shares were additionally boosted by substantial buying interest thought to have represented covering of option business.

A brisk 11m share turnover in **Telecom** saw the shares settle a fraction harder at 214p, after comment on the half-year results. **GEC** held at 169p in front of interim figures scheduled for Tuesday; Wood Mackenzie are forecasting pre-tax profits of £305m, Warburgs are going for £300m, and Prudential-Bache estimate profits at £290m.

MK Electric edged up 4 more to 589p - 39p above the 550p a share cash bid announced by RTZ earlier in the week- as speculators moved in on news that French group Legrand had picked up a 2.6 per cent stake and could well launch a counter offer.

Several bid chestnuts resurfaced in the Engineering sector following Blue Circle's interest in **Birmid Qualcast.** There was little evidence of the former adding to its 2.6 per cent holding yesterday but Birmid were excited by bidpossibilities and rose to 260p before ending 6 up on the day at 250p. Others to prosper were **Delta,** 9½ dearer at 222p, and **Simon,** 7 higher at 210p. **Chamberlain & Hill** responded to excellent first-half profits with a jump of 11 to 111p while **Victor Products** gained 12 to 132p and **Edbro** advanced 10 to 203p. The sector also had casualties, these including **TI,** down 6 at 267p, and **RHP,** which gave up 5 at 154p.

International stocks took their cue from another weak performance by the US dollar and, with only the rare exception, closed lower on the day. **Fisons** gave up 9 at 239p and **Reuters** lost 10 at 429p, while **Beecham** shed 5 to 438p. Against the trend, **Reckitt and Colman** rose 9 more to 753p in a restricted market and **Wellcome** put on 18 to 392p on talk of a James Capel recommendation. **British Aerospace** were a weak market and fell 13 further to 300p and **Johnson Matthey** dipped 22 to 223p on worries about a possible platinum price war. Publicity given to a broker's circular helped **T & N** rise 4 to 154p, while **Evered,** still responding to a broker's visit to the company and a positive lunch with SBCI Savory Miln, firmed 6 to 199p. **Siebe** gained 12 to 281p in reply to excellent interim results and **Dominion International** added 3 to 81p following satisfactory half-year figures. A positive statement on trading prospects failed to sustain **Yale and Valor** which softened a couple of pence to 235p, but **Bridon** made further progress on takeover hopes and closed a penny higher at 135p; Carclo recently acquired a 5 per cent stake in Bridon.

Advertising Agencies were one of the brighter corners of the market. Investors seemed to be heeding recent advice that the sector fall had been overdone and many share prices now presented good buying opportunities. **Boase Massimi** were again favoured and rose 9 more to 223p while **VPI** recovered 5 to 215p and **Lowe Howard-Spinks** gained 4 further to 289p. **Abbots Mead Vickers** improved 10to 200p.

Properties ended the first leg of the Account on in drab fashion. **Land Securities** shed 10 to 440p in the absence of support and **MEPC** lost a similar amount at 417p. **British Land** were 3 off at 240p having risen 8 on Thursday following property acquisition news. **Slough Estates** gave up 10 at 227p, but recent takeover favourite **Peachey** revived with a gain of 5 at 350p. **Mountleigh** eased 3 to 140p; the company is proposing the buy-in of approximately 10 per cent of the issued ordinary capital. **Land Leisure** shed 10 to 175p following acquisition news, but **Speyhawk** spurted 10 to 233p amid rumours of a major land disposal. Late support lifted **Sheraton Securities** 13 to 63p, but occasional selling ahead of the forthcoming results clipped 7 from **Priest Marians** at 283p.

The land swop arrangement with the Merseyside Development Corporation encouraged further speculative support of **Mersey Dock & Harbour** units. Bid hopes added flavour to the movement which ended with the shares showing a fresh rise of 15 at 368p.**Walter Runciman,** on the other hand, came on offer and closed 18 lower at 205p.

The returning spectre of exposure to the US dollar unsettled **Courtaulds,** down 8 at 325p, and several other Textiles. **Dawson International,** another to report mid-term results this week, slipped 3 more to 186p while **Tootal** gave up 5 at 99p.

Financial Trusts were notable for a rise of 25 to 600p in **Henderson Administration,** this following a report of job losses, and a speculative advance of 15 to 65p in **BiotechnologyInvestments.** Concern over crude oil prices in the run up to the December 9 OPEC meeting depressed oil and gas issues. **British Gas** lost 5½ more to 123½p following the Monopolies Commission reference and recent bearish comment by BZW. **BP** "new" dipped 3 to 77½p on a turnover of 20m shares and the "old" fell a similar amount to 251p on a turnover of 5.6m shares - recent US support was said to have dried up.

US currency influences militated against any improvement in Overseas Traders, some of which registered sizeable losses. **Lonrho** fell 8 to 211p and **Inchcape** dropped 12 to 575p.

FINANCIAL TIMES STOCK INDICES

	Nov. 27	Nov. 26	Nov. 25	Nov. 24	Nov. 23	Year Ago	1987 High	1987 Low	Since Compilation High	Since Compilation Low
Government Secs.	89.95	89.80	89.80	90.46	90.61	81.75	93.32	83.73	127.4	49.18
Fixed Interest	96.46	95.94	95.54	95.73	95.91	88.55	99.12	90.23	105.4	50.53
Ordinary	1308.2	1314.4	1316.6	1338.2	1309.4	1262.2	1926.2	1232.0	1926.2	49.4
Gold Mines	300.0	330.9	327.8	312.3	293.0	314.5	497.5	261.6	734.7	43.5
Ord. Div.Yield	4.73	4.72	4.71	4.64	4.73	4.41				
Earnings Yld. % (full)	11.70	11.68	11.64	11.47	11.71	10.26				
P/E Ratio (net)(*)	10.45	10.47	10.50	10.66	10.43	11.91				
SEAQ Bargains (5pm)	14,798	17,295	21,955	24,801	24,205	26,875				
Equity Turnover (£m)	-	783.79	946.77	935.23	674.89	1146.02				
Equity Bargains	-	19,740	25,707	26,332	27,515	36,992				
Shares Traded (ml)	-	316.0	335.8	403.1	349.0	362.1				

Opening	10 a.m.	11 a.m.	Noon	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1308.6	1313.3	1312.1	1312.6	1311.2	1312.6	1308.3	1309.4

Day's High 1313.4 Day's low 1307.2

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, S E Activity 1974, * Nil=10.31.

S.E ACTIVITY

Indices	Nov.26	Nov.25
Gilt Edged Bargains	104.6	121.2
Equity Bargains	127.9	166.6
Equity Value	1584.2	1913.7
5-Day average		
Gilt Edged Bargains	118.3	118.0
Equity Bargains	167.8	174.7
Equity Value	1715.9	1758.1

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

LONDON TRADED OPTIONS

Option		Calls Jan.	Calls Apr.	Calls Jul.	Puts Jan.	Puts Apr.	Puts Jul.
Allied Lyons (*335)	300	47	60	75	13	18	25
	330	28	40	53	25	35	43
	360	16	28	37	43	48	55
Brit. Airways (*142)	130	20	28	33	8	11	18
	140	13	20	27	11	17	25
	160	8	13	20	24	30	35
Brit. & Comm. (*325)	300	43	60	70	17	27	40
	330	25	40	55	35	40	55
	360	15	25	40	55	65	75
[illegible]							

Option		Calls Feb.	Calls May	Calls Aug.	Puts Feb.	Puts May	Puts Aug.
LASMO (*228)	200	45	55	63	17	25	35
	220	28	40	52	22	35	43
	240	19	30	42	32	47	55
P. & O. (*498)	420	95	105	-	12	15	-
	460	65	78	100	20	27	35
	500	45	58	78	40	50	63
Pilkington (*212)	180	47	60	-	12	20	-
	200	35	45	52	20	27	32
	220	24	35	38	30	35	42
[illegible]							

November 27 Total Contracts 19,110 Calls 7,599 Puts 11,511
FT-SE Index Calls 578 Puts 1,971
*Underlying security price.

Traditional Options

- **First dealings Oct 5**
- **Last dealings Oct 16**
- **Last declarations Jan 7**
- **For Settlement Jan 18**

For rate indications see end of London Share Service

Stocks to attract money for the call included **Blacks Leisure, FKI Electricals, Amalgamated Financial Investments, Astra Hldgs, Equity & General, Howden Grp, F.J.C. Lilley, AB Engineering, Phicom, Magnet, Metal Box, Camford Hldgs, Sapphire Pet, Stormgard, Camford Eng, Sears, Explaura Hldgs, Pentland Inds, London Secs.**

No "puts" were arranged or "doubles" completed.

NEW HIGHS AND LOWS FOR 1987

NEW HIGHS ( ).
BRITISH FUNDS ( ) Treas. 2pc. Il 1988. STORES ( ) Allebone 5¾pc. Cnv. Cum. Red. Prf., PLANTATIONS ( ) Assam Dooars.
NEW LOWS (81).
AMERICANS (7) BANKS (1) BUILDINGS (8) CHEMICALS (1) STORES (8) ELECTRICALS (7) ENGINEERING (2) FOODS (1) INDUSTRIALS (8) INSURANCE (1) LEISURE (6) PAPERS (1) PROPERTY (1) TRUSTS (4) OILS (1) MINES (3) THIRD MARKET (1).

LONDON STOCK EXCHANGE

DEALINGS

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings prices.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

‡ Bargains at special prices. ♦ Bargains done the previous day. Δ Bargain done with non-member or executed in overseas markets.

Corporation and County Stocks
No. of bargains included 37

London County 2½% Cons Stk 1920(or after) – £23¾ 4⅛

Greater London Council 6¾% Stk 90/92 – £90¾

Birmingham Corp 2½% Stk 1926(or after) – £23¾ 4⅛

UK Public Boards

Foreign Stocks, Bonds, etc–(coupons payable in London)

Sterling Issues by Overseas Borrowers

Banks and Discount Companies

TSB Group PLC Ord 25p – 104¾ 5 5 ¼ ¼ ½ ⅝ 6 7 7 ¾ 8 8 9 9 10 10 1.1

Warburg (S.G.) Group PLC 7¾% Cum Prf £1 – 99 (24No87)

Breweries and Distilleries
No. of bargains included 336

Allied-Lyons PLC 5½% Cum Prf £1 – 51 (25No87)

Registered Housing Associations

Commercial, Industrial, etc

Financial Trusts, Land, etc

Mines – Miscellaneous

Mines – South African

Oil

Insurance

Investment Trusts

Property

Plantations

Railways

Shipping

Utilities

Water Works

Unit Trusts

USM Appendix

The Third Market Appendix

RULE 535 (2)
Applications granted for specific bargains in securities not listed on any exchange

RULE 535 (4) (a)
Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

Brascan A £11⅛

Brown-Forman Inc Class 'B' $31⅝,31¾ £17½ (25/11)

Brush Wellman £12.95

C.S.F. (Thomson-C.S.F.) FFR752.784765.35♦

Central Norseman 69,70 A$1.655,1.68,1.688

Cheung Kong HK$6.7,6¾

Cherokee Group $7¾♦ (20/11)

Churchill Resources 12 (25/11)

City Developments S$2.07,2.08 (20/11)

RULE 535 (3)
Dealings for approved companies engaged solely in mineral exploration

Kenmare Resources 26

By Permission of the Stock Exchange Council

EUROPEAN OPTIONS EXCHANGE

Series		Feb. 88 Vol	Feb. 88 Last	May 88 Vol	May 88 Last	Aug. 88 Vol	Aug. 88 Last	Stock
GOLD C	$ 460	37	34	-	-	-	-	$ 479.20
GOLD C	$ 480	79	23	11	32	-	-	"
GOLD C	$ 500	172	12.50	-	-	20	32.50	"
GOLD C	$ 520	52	7.50	-	-	26	24	"
GOLD P	$ 420	-	-	15	5.50	35	6.50	"
GOLD P	$ 480	20	14.50	-	-	-	-	"
		Dec. 87		Jan. 88		Feb. 88		
EOE INDEX C	FL170	56	7.50	10	12	-	-	FL 170.96
EOE INDEX C	FL175	252	5.70	72	10.60	-	-	"
EOE INDEX C	FL180	205	3.60	3	9.30	-	-	"
EOE INDEX C	FL185	212	2	9	6.80	-	-	"
EOE INDEX C	FL190	147	2.10	6	5.20	-	-	"
EOE INDEX C	FL195	18	1.10	-	-	-	-	"
EOE INDEX C	FL200	111	1	15	3.20	-	-	"
EOE INDEX C	FL210	105	0.60	2	2.20	-	-	"
EOE INDEX C	FL215	20	0.50	-	-	-	-	"
EOE INDEX P	FL155	88	2.60	20	7 A	-	-	"
EOE INDEX P	FL160	69	4.60	53	9	-	-	"
EOE INDEX P	FL170	84	8.20	36	15	-	-	"
EOE INDEX P	FL180	23	14.90	22	20	16	22	"
EOE INDEX P	FL200	10	31	25	32	-	-	"
EOE INDEX P	FL260	45	93	-	-	-	-	"
EOE INDEX P	FL275	50	104.5	-	-	-	-	"
$/FL C	FL190	201	0.90	117	2	-	-	FL 186.75
$/FL C	FL205	27	0.05 A	-	-	-	-	"
$/FL P	FL185	563	2	35	3.40	3	4.50	"
$/FL P	FL190	57	4.75 A	14	5.80	4	7.50	"
$/FL P	FL195	17	8.70	3	10.50	-	-	"
$/FL P	FL200	95	13.20	-	-	-	-	"
		Jan. 88		Apr. 88		Jul. 88		
ABN C	FL44	154	1	-	-	-	-	FL 40.20
ABN P	FL35	105	0.60	9	1.50	7	2	"
AEGON C	FL60	62	1.50	12	3	-	-	FL 54
AEGON P	FL50	42	2.70	-	-	-	-	"
AHOLD C	FL75	60	1.50	-	-	-	-	FL 63.90
AKZO C	FL130	672	0.60	-	-	-	-	FL 89
AKZO P	FL80	99	3.30	-	-	-	-	"
AMEV C	FL45	5	1	21	2.50	-	-	FL 38.40
AMEV P	FL45	18	7.20	-	-	-	-	"
AMRO C	FL70	26	1	-	-	40	3.60	FL 60.40
AMRO P	FL65	10	6.50	25	7.20	-	-	"
ELSEVIER C	FL45	31	0.80	24	2.40 A	-	-	FL 36.90
GIST-BROC. C	FL35	37	1	57	2	-	-	FL 27.70
GIST-BROC. P	FL45	18	18.50	5	18	2	18.50	"
HEINEKEN C	FL140	40	3	6	7	-	-	FL 121
HEINEKEN P	FL120	26	7.50	-	-	-	-	"
HOOGOVENS C	FL30	50	2	4	3.60	-	-	FL 27.50
KLM C	FL40	90	0.30	13	1.10	-	-	FL 28
KLM P	FL27.50	99	2	3	3	68	4	"
NEDLLOYD C	FL130	15	5.90	-	-	-	-	FL 118
NEDLLOYD P	FL120	20	10.50	-	-	-	-	"
NAT. NED. C	FL55	56	1.20	328	3	16	3.40	FL 49.10
NAT. NED. P	FL45	37	1.70	4	2.50	10	4.30	"
PHILIPS C	FL55	666	0.20 A	8	0.50	-	-	FL 29.90
PHILIPS P	FL30	10	2.60	8	4	218	5	"
ROYAL DUTCH C	FL220	126	2.70	13	7.50	-	-	FL 201.40
ROYAL DUTCH P	FL250	200	50	406	50.50	-	-	"
ROBECO C	FL105	22	23	-	-	-	-	FL 81.80
UNILEVER C	FL108	321	6.10	-	-	-	-	FL 105.80
UNILEVER P	FL100	226	5.10	114	8.70	52	13	"

TOTAL VOLUME IN CONTRACTS : 21,730

A=Ask B=Bid C=Call P=Put

BASE LENDING RATES

	%		%		%
ABN Bank	9	● Charterhouse Bank	9	Nat. Bk. of Kuwait	9
Adam & Company	9	Citibank NA	9	NatWestminster	9
Allied Arab Bk	9	City Merchants Bank	9	Northern Bank Ltd	9
Allied Dunbar & Co	9	Clydesdale Bank	9	Norwich Gen. Trust	9
Allied Irish Bank	9	Comm.Bk.N.East	9	PK Finans. Intl(UK)	9½
American Exp.Bk	9	Consolidated Cred	9	Provincial Trust Ltd	10½
Amro Bank	9	Co-operative Bank	*9	R. Raphael & Sons	9
Henry Ansbacher	9	Cyprus Popular Bk	9	Roxburghe G'antee	10½
ANZ Banking Group	9	Duncan Lawrie	9	Royal Bk of Scotland	9
Associates Cap Corp	10	Equat'l Tst C'p plc	9	Royal Trust Bank	9
Authority & Co Ltd	9	Exeter Trust Ltd	9½	Smith & Williamson Secs.	9
Banco de Bilbao	9	Financial & Gen. Sec	9	Standard Chartered	9
Bank Hapoalim	9	First Nat. Fin. Corp.	10½	TSB	9
Bank Leumi (UK)	9	First Nat. Sec. Ltd	10½	UDT Mortgage Exp	§11.1
Bank Credit & Comm	9	● Robert Fleming & Co.	9	United Bk of Kuwait	9
Bank of Cyprus	9	Robert Fraser & Ptnrs.	10	United Mizrahi Bank	9
Bank of Ireland	9	Girobank	9	Unity Trust Plc	9
Bank of India	9	Grindlays Bank	9	Western Trust	9
Bank of Scotland	9	● Guinness Mahon	9	Westpac Bank Corp.	9
Banque Belge Ltd	9	HFC Trust & Savings	9	Whiteaway Laidlaw	9½
Barclays Bank	9	● Hambros Bank	9	Yorkshire Bank	9
Benchmark Tst Ltd	9	Heritable & Gen Inv Bk	9		
Beneficial Trust Ltd	10	● Hill Samuel	§9		
Berliner Bank AG	9	C. Hoare & Co.	9		
Brit Bk of Mid East	9	Hongkong & Shangh	9		
● Brown Shipley	9	Lloyds Bank	9		
Business Mtge Tst	9	Meghraj & Sons Ltd	9		
CL Bank Nederland	9	Midland Bank	9		
Central Capital	9	● Morgan Grenfell	9		
Cayzer Ltd	9	Mount Credit Cpn Ltd	9		

● Members of the Accepting Houses Committee. * 7 day deposits 4%. Savewise 6.66%. Top Tier-£2,500+ at 3 months' notice 8.31%. At call when £10,000+ remains deposited. § Mortgage base rate. § Demand deposit 3.99%. Mortgage 11.125%

BANK RETURN

BANKING DEPARTMENT	Wednesday November 25, 1987		Increase (+) or decrease (-) for week
LIABILITIES	£		£
Capital	14,553,000		
Public Deposits	95,922,072	-	2,819,479
Bankers Deposits	1,102,084,742	-	8,140,800
Reserve and other Accounts	1,868,126,895	-	18,034,699
	3,080,686,709	-	28,994,978
ASSETS			
Government Securities	685,583,161	-	107,090,000
Advance and other Accounts	870,118,444	-	55,878,874
Premises Equipment & other Secs	1,516,920,047	+	131,488,885
Notes	7,618,654	+	2,356,080
Coin	416,383	+	148,151
	3,080,686,709	-	28,994,978
ISSUE DEPARTMENT			
LIABILITIES			
Notes in circulation	13,372,381,346	+	117,643,940
Notes in Banking Department	7,618,654	+	2,356,080
	13,380,000,000	+	120,000,000
ASSETS			
Government Debt	11,015,100		
Other Government Securities	8,447,678,956	-	283,028,503
Other Securities	4,921,305,944	+	403,028,503
	13,380,000,000	+	120,000,000

LEADERS AND LAGGARDS

Percentage changes since December 31 1986 based on Thursday November 26 1987

Mining Finance	+ 18.98	Building Materials	- 0.37
Publishing & Printing	+ 16.76	Industrial Group	- 0.46
Overseas Traders	+ 13.41	Other Industrial Materials	- 0.69
Property	+ 11.90	Brewers & Distillers	- 1.34
Metals & Metal Forming	+ 11.33	Conglomerates	- 1.84
Gold Mines Index	+ 10.97	Stores	- 2.18
Electricals	+ 6.82	Financial Group	- 2.38
Oil & Gas	+ 6.21	Telephone Networks	- 2.73
Shipping & Transport	+ 5.97	Other Groups	- 2.82
Food Manufacturing	+ 5.89	Chemicals	- 3.18
Food Retailing	+ 5.62	Capital Goods	- 4.25
Health & Household Products	+ 5.38	Electronics	- 6.01
Leisure	+ 4.50	Merchant Banks	- 6.26
Insurance(Composite)	+ 4.41	Packaging & Paper	- 6.73
Textiles	+ 3.17	Investment Trusts	- 9.74
Consumer Group	+ 2.95	Banks	- 10.42
Contracting, Construction	+ 2.96	Motors	- 12.25
Insurance(Life)	+ 1.15	Agencies	- 14.41
500 Share Index	+ 0.46	Mechanical Engineering	- 15.06
All Share Index	- 0.10	Insurance(Brokers)	- 30.31

RISES AND FALLS

	On Friday Rises	On Friday Falls	On Friday Same	On the week Rises	On the week Falls	On the week Same
British Funds	99	3	13	281	237	57
Corporations, Dom. and Foreign Bonds	19	2	32	58	50	157
Industrials	279	438	842	2,168	1,889	3,762
Financial and Props	118	159	353	816	706	1,632
Oils	25	36	50	150	150	255
Plantations	1	3	10	3	9	58
Mines	45	54	98	356	169	460
Others	42	81	137	398	381	509
Totals	628	776	1,535	4,230	3,591	6,890

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

	Bid Price	Offer Price	+ or -	Yield Gross
Abbey Unit Tst. Mngrs. (a) 80 Holdenhurst Rd, Bournemouth 0345 717373				
High Income				
American Income	39.4	41.9	+0.7	6.25
Gilts & Fixed Int	115.8	124.5	+0.2	9.64
High Inc Equity	107.1	113.9xd	-0.3	5.14
Worldwide Bond	184.1	197.1xd	-0.6	4.92
Capital Growth				
American Growth	125.2	133.1	+3.1	1.75
Asian Pacific	54.3	57.7	+1.3	1.70
Assets & Earnings Tst	125.1	133.0xd	-0.4	1.77
Capital Reserve	76.4	76.9	—	1.31
Commodity & Energy	99.9	106.2	+5.6	0.00
European Capital	64.8	68.9	+1.2	1.09
General	137.9	146.6	+4.2	3.07
Japan	78.5	83.5xd	+1.5	0.00
Mastertrust	65.3	69.4	-0.2	4.28
UK Growth Acc Units	170.0	180.8	-0.8	1.25
UK Growth Dist	116.6	124.0xd	-0.5	1.82
U.S. Emerging Co's	35.1	37.3xd	+0.9	0.00
Income & Growth	218.7	232.6xd	+5.8	3.87
Ethical Growth	36.7	39.0	-0.2	3.21
Abtrust Management Ltd 10 Queens Terrace, Aberdeen AB9 1QJ 0224 633070				
Abtrust UK Growth Fd	27.5	29.2	-0.1	2.86
Abtrust Nth Am Inc (z)	21.3	22.7xd	-0.1	3.88
Abtrust World Gth Fd	34.1	36.2xd	-0.2	1.05
Abtrust Extra Inc Fd	35.0	37.2	—	6.18
AEtna Unit Trusts Ltd (a)(b)(c) 401 St John St, London EC1V 4QE 01-837 6494				
European Growth	99.8	106.3	-0.7	1.20
Exempt	331.8	353.5xd	-1.3	5.39
(Accum Units)	796.5	848.4	-3.1	5.39
Far Eastern	171.8	183.7	-0.1	0.10
Burrage Unit Trust Mngmnt Ltd 117 Fenchurch St, London EC3M 5AL 01-480 7216				
Short Dtd Gilt & FI	51.0	51.2	—	1.47
CCL Unit Trusts Limited 74, Shepherds Bush Green, Ldn, W12 8SD 01-740 7070				
UK Growth Trust	39.4	42.1	-0.4	-
Global Trust	34.3	36.7	—	-
CS Fund Managers Limited 125 High Holborn, London WC1V 6PY 01-242 1148				
CS America Fd	37.5	39.9	-	1.26
CS International Fund	40.4	43.0xd	-	2.64
CS Japan Fund	91.4	97.2	+1.6	0.51
CS Portfolio Inv. Fd	55.4	58.9xd	-	3.39
Canada Life Unit Trust Mngrs. Ltd 2-6 High St, Potters Bar, Herts 0707 51122				
Can. Gen. Dist	112.0	117.9	-1.7	2.78
Do. Gen. Accum	180.1	189.5	-2.8	2.78
Do. Income Dist.	81.6	85.9xd	-0.1	5.14
Do. Inc. Accum.	176.0	185.3	-0.2	5.14
Gilt & Fxd. Int. Trust	39.2	41.3	+0.1	0.00
Cannon Fund Managers Ltd 1 Olympic Way, Wembley, HA9 0NB 01-902 8876. Dealing: 0800 282621				
Growth	28.3	30.7	+0.1	2.99
Income	35.9	38.8	+0.1	4.22
Far East	22.7	24.6	-0.1	0.25
North American	23.5	25.4	-	0.81
Global	37.3	40.4	-	0.84
European	37.1	40.1	-	1.32
Japan	68.1	73.7xd	+0.1	0.01
Intl Currency Bond	45.3	47.9	-	6.26
Capel (James) Mngt. Ltd PO Box 551, 6, Bevis Marks, EC3A 01-621 0011				
Capital	348.0	370.2	-2.4	1.86
Income	310.7	330.6	+0.4	4.83
North American (z)	201.4	214.3	-1.2	2.25

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FT UNIT TRUST INFORMATION SERVICE

Scimitar Asset Management Ltd
8 Crosby Sq, London EC3A 6AQ 01-588 6993/4/5

Scimitar Global Gth Ac	26.4	28.3	-0.2	–
Do Income	26.4	28.1	-0.2	0.19
Scimitar European Acc	20.7	22.1	+0.2	–
Do Income	20.6	22.0	+0.2	0.11
Scimitar UK Eq Inc Acc	32.9	34.7	—	–
Do Income	31.5	33.2	—	3.77
UK Cap Gth Acc	22.2	23.4	+0.1	0.75
Scimitar Pac Basin Acc	25.5	27.2	+0.2	–
Scimitar Mangd Exempt*	132.2	137.8	-4.4	–

*Unauthorised

Scottish Equitable Fund Mgrs. Ltd(z)
28 St Andrews Sq, Edinburgh 031-558 1051

Total Income Units	122.2	130.0	–	2.96
Total Accum Units	187.0	198.9	–	2.96
UK General Acc	33.7	36.0	+0.2	3.11
UK General Inc	32.4	34.7	-0.1	3.11
American	25.4	27.2	–	0.66
European	30.5	36.9	-0.3	0.94
Japan	49.8	53.3xd	–	–
Technology	31.8	34.0	-0.1	1.42
Performance Trusts				
Far East Perf Tst	15.7	16.8	–	0.46
High Inc Perf Tst Inc	21.3	22.8xd	–	5.37
High Inc Perf Tst Acc	21.7	23.2xd	–	5.37
Worldwide Tact Perf Tst	24.6	26.3	-0.1	–

Scottish Life Investments(z)
19 St Andrew Sq, Edinburgh 031-225 2211

Nelson (UK Equity)	189.3	202.5	—	2.98
Columbus (America)	116.5	124.7	—	1.37
Marco Polo (Pacific)	188.4	201.6	—	0.61
Da Vinci (European)	212.0	226.8	—	2.70
Drake	46.9	50.2	—	2.37

Scottish Mutual Investment Managers Ltd
109 St Vincent St, Glasgow G2 5HN 041-248 6100

UK Equity	177.5	188.9	-0.7	3.28
UK Smllr. Cos. Equity	180.5	192.1	–	2.42
UK Special Situations	–	–	–	–
Income Plus	–	–	–	–
European	156.3	166.5	-0.1	1.95
Far Eastern	47.3	50.4	+0.4	3.42
Japanese †	47.8	50.9	-0.2	0.19
North American	105.3	112.3	-0.1	1.83

Trades Union Unit Trust Managers
100 Wood Street, London EC2 01-606 4365

TUUT Nov 2 87	196.2	206.4	—	3.07

Tristan Fd Mngrs. Ltd.
Royal Ldn. Hse. Colchester CO1 1RA 0206 764400

Tristan General	124.4	133.0xd	-1.1	1.03

Tyndall Unit Trust Managers Limited
25 Bucklersbury, London EC4N 248 3399

Convertible & Gen	56.9	60.3	-0.2	6.69
Accum Units	56.9	60.3	-0.2	6.69
Income	71.7	76.0xd	-0.2	5.73
Accum Units	71.7	76.0	-0.2	5.73
Smaller Co's	80.3	85.5	-0.4	1.76
Accum Units	80.3	85.5	-0.4	1.76
UK Growth	83.5	88.5	—	1.51
Accum Units	83.5	88.5	—	1.51

UK Unit Trust Managers Ltd
Worthing Road, Horsham, RH12 1SL 0403 60053

British Growth Fd	47.7	50.8	—	1.48

Unit Trust Account & Mgmt. Ltd
20 Copthall Ave, London, EC2R 7PA 01-588 6064
Advisers: Henderson Crosthwaite Ltd

Friars Hse Cap Fd	156.8	165.7	—	–
Friars Hse Inc Fd	139.0	146.3	—	–

United Charities Unit Trusts (a)(c)(g)
Unicorn Hse, 252 Romford Rd, E7 01-534 5544

United Charities	149.7	159.2xd	+0.5	4.89

Vanguard Trust Managers Ltd
65 Holborn Viaduct, London EC1A 2EU 01-236 3053
Dealing Line: 01-236 2468

Abingdon Ertn Assets	149.3	158.0	–	–
(Accum Units)	152.2	161.9	–	–
Far East & Gen	47.0	50.0	–	1.04
(Accum Units)	47.0	50.0	–	–
Master Portfolio	61.661	63.962xd	-0.190	3.10
(Accum Units)	63.098	64.714	-0.194	–
American & Gen	51.5	54.8	-0.3	2.11
(Accum Units)	52.2	55.5	-0.3	–

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INSURANCES

[illegible]

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

Phoenix Assurance Co Ltd
Phoenix House, Redcliff Hill, Bristol 0272 294941

Life Assurance Funds				
Wealth Assur.	354.2	372.9	—	–
Ebr'r Ph. Eq.	304.1	323.2	—	–
Pension Plan Funds				
Phoenix				
UK Equity Acc.	148.1	155.9	-0.6	–
International Acc.	115.8	121.8	-0.6	–
Property Acc.	120.1	126.4	+0.1	–
Fixed Interest Acc.	150.5	158.4	+0.0	–
Money Acc.	130.4	137.2	+0.6	–
Bldg. Soc. Link Acc.	130.8	137.6	+0.0	–
Special Mngd. Acc.0	134.9	141.9	-0.4	–
Phoenix/Framlington				
Inutl. Growth Acc.	75.3	79.2	—	–
Amer. & Gen. Acc.	69.9	73.5	+0.1	–
Capital Tst. Acc.	157.7	166.0	+0.6	–
Japan & Gen Acc	154.5	162.6	+0.2	–
American Tbrn. Acc.	69.0	72.6	+0.7	–
Recovery Tst. Acc	146.3	153.9	+0.2	–
Special Mngd Acc	127.1	133.7	+0.2	–
Phoenix/ET				
International Acc.	113.0	118.9	+0.6	–
US & General Acc	81.3	85.5	+0.2	–
Amer Spec Sits Acc.	55.0	57.8	+0.1	–
Japan & General Acc	148.6	156.4	+0.3	–
Far East & Gen. Acc.	127.0	133.6	-0.4	–
UK Capital Acc	145.7	153.3	+0.0	–
European Acc	125.7	132.3	+0.0	–
Special Mngd. Acc.	112.6	118.5	+0.1	–

Pioneer Mutual Insurance Co Ltd
16 Crosby Rd, N. Waterloo, Liverpool 051-928 6655

Managed Fund	254.6	268.1	—	–
Max Pens Inc & Cap Fd.	323.2	340.3	—	–
Money Fund	110.1	115.9	—	–
Pens. Mngd Fd (Ink)	77.6	81.7	—	–
Pens Mngd Fd (Acc)	85.8	90.4	—	–
Pens FT30 Fd (Ink)	120.7	127.1	—	–
Pens FT30 Fd (Acc)	133.6	140.7	—	–
Pens O'seas MgFd(Ink)	49.6	52.3	—	–
Pens O'seas MgFd(Acc)	54.9	57.8	—	–
Pens Fxd Int Fd (Unit)	106.4	112.0	—	–
Pens Fxd Int Fd (Acc)	117.8	124.0	—	–
Pens Deposit Fd (Ink)	100.2	105.5	—	–

Prudential Assurance Co
Holborn Bars, London EC1N 2NH 01-405 9222

Prufund			
Managed Nov 11	184.8	192.5	—

Prudential Holborn Life Ltd
Portland Hse, Stag Place, Ldn SW1E 5BH 01-630 1

Managed Fd.	401.7	422.9	+3.6
Equity Fd.	794.2	836.1	+11.8
Inutl. Fd.	286.6	301.7	-1.3
Fixed Int. Fd.	356.1	374.9	+2.0
Prop. Fd.	295.3	310.9	+2.8
Cash Fd.	231.4	243.6	—
Pacific Basin Fd.	155.8	164.0	-0.5
North American Fd.	112.2	118.2	-0.5
European Fd.	134.4	141.5	-0.8

Prudential Holborn Pensions Ltd
Portland Hse, Stag Place, Ldn SW1E 5BH 01-630 1

Managed	431.7	454.5	-0.7
Equity	602.1	633.8	-1.9
Global Equity	177.0	186.4	-0.4
Fixed Interest	366.5	385.8	+1.1
Property	291.5	306.9	+4.0
Cash	135.2	142.4	—
Index Linked Gilt	159.6	168.0	+0.2
Guaranteed	9.25	10.25	—
International Money	181.8	191.4	-0.2
North American Fd	52.9	55.7	-0.3
Japanese Fund	100.9	106.3	+2.0
European Fund	69.9	73.6	-0.1
Special Situations Fd	86.4	91.0	—
Communications Fund	74.2	78.2	-0.5
Smaller Cos Fund	87.7	92.4	+0.1

Prudential Pensions Limited
Holborn Bars, London EC1N 2NH 01-405 9222

Discretry Nov 25	£115.41	118.81	—

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1987 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
[illegible]	[illegible]	Treas 7¾pc 1985–88‡‡	[illegible]	—	7.76	8.34
[illegible]	[illegible]	Exch 10½pc '88	[illegible]	—	10.42	8.58
[illegible]	[illegible]	Treas 9¾pc Cv '88	[illegible]	—	9.69	8.61
[illegible]	[illegible]	Transport 3pc '78–88	[illegible]	[illegible]	3.07	6.85
[illegible]	[illegible]	Treas. 9¾pc '88	[illegible]	—	9.64	8.72
[illegible]	[illegible]	Treas 11½pc 1989	[illegible]	—	11.17	8.79
[illegible]	[illegible]	Treas 9½pc Cnv 1989	[illegible]	—	9.43	8.69
[illegible]	[illegible]	Treas 3pc 1989	[illegible]	—	3.14	6.19
[illegible]	[illegible]	Treas 10½pc 1989	[illegible]	[illegible]	10.25	8.75
[illegible]	[illegible]	Exch 10pc 1989	[illegible]	[illegible]	9.84	8.88
[illegible]	[illegible]	Exch 11pc 1989	[illegible]	[illegible]	10.63	8.85
[illegible]	[illegible]	Treas 5pc 1986–89	[illegible]	[illegible]	5.23	7.51
[illegible]	[illegible]	Exch 10½pcCv '89	[illegible]	[illegible]	9.82	7.79
[illegible]	[illegible]	Treas 13pc 1990‡‡	[illegible]	[illegible]	12.07	8.89
[illegible]	[illegible]	Exch 11pc 1990‡‡	[illegible]	[illegible]	10.58	8.95
[illegible]	[illegible]	Exch. 12½pc 1990	[illegible]	[illegible]	11.65	8.93
[illegible]	[illegible]	Treas. 3pc 1990	[illegible]	[illegible]	3.27	6.65
[illegible]	[illegible]	Treas 8¼pc 1987–90‡‡	[illegible]	[illegible]	8.53	8.69
105	[illegible]	Treas. 10pcCv 1990	[illegible]	[illegible]	9.74	8.92
[illegible]	81	Exch 2½pc 1990	[illegible]	[illegible]	2.79	6.42
[illegible]	[illegible]	Treas 11¾pc 1991	[illegible]	[illegible]	10.93	8.91
[illegible]	[illegible]	Funding 5¾pc '87–91‡‡	[illegible]	[illegible]	6.17	8.08
[illegible]	[illegible]	Treas. 3pc 1991	[illegible]	[illegible]	3.39	6.77
[illegible]	[illegible]	Treas 10pc Cv '91 ‡‡	[illegible]	[illegible]	9.54	8.41
[illegible]	[illegible]	Exch. 11pc 1991	[illegible]	[illegible]	10.30	8.88
99	[illegible]	Treas. 8pc 1991	[illegible]	[illegible]	8.23	8.82
[illegible]	[illegible]	Treas 12¾pc 1992‡‡	[illegible]	[illegible]	11.30	8.95
[illegible]	[illegible]	Treas 10pc 1992	[illegible]	[illegible]	9.64	8.91
[illegible]	[illegible]	Treas. 8pc 1992 ‡‡	[illegible]	[illegible]	8.24	8.81
[illegible]	[illegible]	Treas 10½pc Cv 1992‡‡	[illegible]	[illegible]	9.95	8.95
[illegible]	[illegible]	Treas. 5pc 1992	[illegible]	[illegible]	3.74	8.03
[illegible]	[illegible]	Exch. 12¼pc '92	122	[illegible]	11.30	8.95

Five to Fifteen Years

Over Fifteen Years

BRITISH FUNDS – Contd

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

Continued on next page

Money Market Trust Funds

Money Market Bank Accounts

UNIT TRUST NOTES

LONDON SHARE SERVICE

AMERICANS – Contd

1987 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
43⅝	26	RJR Nabisco Inc.	27¾	—	$1.60	—	3.4
39	21½	Rep NY Corpn $5	24½	–⅛	$1.16	—	2.7
18⅞	8¾	Rockwell Intl. $1	9⅝	—	66c	—	3.9
30⅞	16¼	Sara Lee $1(1/3)	19⅝xd	–⅛	$1.00	—	3.0
11⅞	8⅞	Saul (B. F.) $1	9⅛	–⅛	20c	—	1.3
27⅝	2¼	Southwestern Bell $1	19⅝	—	h$2.32	—	6.8
22⅝	10½	Staley Continental	10⅝	–⅛	80c	—	4.4
44⅞	21⅝	Sun Co. Inc. $1	28⅝	–¼	$3.00	—	6.1
42⅝	22¼	TRW Inc. $0.625	23⅜xd	–⅛	h$1.60	—	3.9
37⅝	22⅝	Tenneco $5	23⅛xd	–¼	$3.04	—	7.4
220	149½	Do. 10pcLn.Stk. 91–5	155xd	—	10%	—	14.7
29⅝	15⅝	Texaco $6.25	16¾xd	+⅛	$3.00	—	10.3
74⅞	42⅝	Time Inc. $1	42⅝xd	–⅛	$1.00	—	1.3
20⅝	11	Tracor $0.33(1/3)	17¾xd	—	40c	—	1.3
30⅝	15⅞	Transamerica $1	18¾xd	–⅛	$1.84	—	5.8
14⅛	1¼	Transworld Corp $5	724p	—	20c	—	1.6
27⅝	12¼	TRINOVA Corp.	15⅝	–⅛	56c	—	2.0
24⅞	12⅝	USX $1	16⅛	–⅛	$1.20	—	4.2
19⅝	10⅞	Union Carbide $1	11¾xd	–⅛	$1.50	—	7.3
37⅞	17¼	Utd. Technologies	19⅝xd	–⅛	$1.40	—	4.2
38⅝	26⅛	US West	27⅝	—	$3.28	—	6.8
30½	17⅝	Waste Management $1	19¼	–⅛	—	—	—
31⅝	13¼	Whirlpool $1.0	14⅛	—	—	—	—
37⅝	18⅛	Woolworth $3½	19	–⅛	$1.32	—	4.0

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS – Contd

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY AND STORES – Contd

ELECTRICALS

ENGINEERING

ENGINEERING – Contd

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS (Miscel.) – Contd

INDUSTRIALS (Miscel.) – Contd

INSURANCES

LONDON SHARE SERVICE

INSURANCES – Contd

1987 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
516	300	Pearl Group 5p	[illegible]	+10	†10.5	–	4.2	–
*£11¼	733	Prudential	778	–2	†29.0	–	5.3	–
598	350	Refuge 5p	[illegible]	–3	15.75	–	5.7	–
595	345	Royal	383	–2	†Ø15.5	–	5.5	–
110	85	Saltire Ins. Inv.	95	+2	–	–	–	–
*345	168	Sedgwick Group 10p	198	+1	12.0	1.7	8.5	8.2
339	138	Steel Burrill J.10p	158	+3	†9.0	2.0	7.8	8.6
668	403	Stewart Wr. 20p	628	[illegible]	†13.0	2.0	2.9	21.9
612	303	Sturge Hldgs 20p	350	[illegible]	†6.0	2.5	2.3	22.9
£12¾	645	Sun Alliance	788	–15	†23.5	–	4.3	–
£13	865	Sun Life 5p	935	+5	†28.5	–	4.3	–
[illegible]	[illegible]	♦Taisho M EDR	[illegible]	[illegible]	[illegible]	–	1.0	–
[illegible]	[illegible]	Torchmark $1.00	[illegible]	[illegible]	Q$1.00	–	4.3	–
410	235	Trade Indemnity	357	[illegible]	†4.3	–	1.6	–
£34	£19½	Travelers $1.25	[illegible]	–¼	$2.28	–	6.8	–
£30¼	£17¾	USF & G Corp $2.50	[illegible]	[illegible]	Q$2.48	–	8.4	–
£33½	£16¼	USLIFE Corp. $1.0	[illegible]	–¼	Q$1.28	3.2	4.4	7.1
738	555	♦Utd Friendly B 10p	590	+10	21.0	–	4.9	–
464	202	Willis Faber 12½p	223	–1	†10.75	2.4	6.6	8.5
128	41	Windsor Secs. 10p	62	[illegible]	†0.7	1.5	1.6	–

LEISURE

MOTORS, AIRCRAFT TRADES

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PAPER, PRINTING, ADVERTISING – Contd

PROPERTY

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TEXTILES – Contd

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

TRUSTS, FINANCE, LAND – Contd

Finance, Land, etc

OIL AND GAS

OIL AND GAS – Contd

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

MINES – Contd

Tins

Miscellaneous

THIRD MARKET

NOTES

REGIONAL & IRISH STOCKS

IRISH

TRADITIONAL OPTIONS

3-month call rates

FINANCIAL TIMES
Saturday November 28 1987

Soviet reforms 'to be speeded up'

BY ROBERT MAUTHNER, DIPLOMATIC CORRESPONDENT

PERESTROIKA, the Soviet economic strategy proclaimed by Mr Mikhail Gorbachev, the Soviet leader, represented a real revolution which would affect the whole fabric of Soviet society, Professor Abel Aganbegyan, Mr Gorbachev's chief economic adviser, said in London yesterday.

"We are changing the stereotype of Soviet thinking," he told a packed auditorium at the Royal Institute of International Affairs at Chatham House, London. The Soviet economist was delivering the first annual public lecture established by the 1987 Anglo-Soviet memorandum of understanding.

Prof Aganbegyan said there would be no slowing down of the process of economic restructuring and "no tinkering" with current bad practices. On the contrary, the Soviet leadership intended to speed up perestroika and move from the stage of words to "large-scale action."

It was the task of the new policy to create the social and economic conditions in which industry could flourish. This required radical changes, particularly in the existing centralised system of economic management, based on an administrative chain of command which repressed democracy and initiative.

Among the reforms outlined by Prof Aganbegyan were the greater independence of individual enterprises, which would be able to decide on how to use their own profits

Self-management, self-financing and cost accounting were all important aspects of the new economic policy, as was the creation of a more realistic pricing system. The prices of Soviet products would be reviewed periodically to keep them in line with world prices and the number of centrally set prices would be reduced.

On the currency front, the ultimate aim was to make the rouble convertible. This would be achieved progressively, starting with convertibility against the currencies of other eastern bloc countries and then extending it to capitalist currencies.

In one of the frankest analyses ever delivered by a leading member of the Soviet establishment, Prof Aganbegyan painted a dismal picture of the existing Soviet economic system and its performance over the 15 years preceding Mr Gorbachev's ascent to power.

During three five-year periods from 1971 to 1985 the rate of growth of the national income fell both relatively and absolutely.

There was a period of unprecedented stagnation from 1979 to 1982, during which the output of industrial goods fell by 40 per cent and agricultural production declined to below its 1978 level. "People's living standards were going down. A pre-crisis situation had developed and something had to be done," he said.

Underlining the deficiencies of past Soviet housing and health policies, Prof Aganbegyan stressed that perestroika entailed not only quantitative but qualitative improvements.

In the past, only "left-overs" from the state budget were allocated to social spending. From now on, the yardstick would be an improvement in people's living standards. It was important that economic reform should not take place in isolation from social considerations.

Gorbachev visit, Page 3

Maxwell team to keep up attack

By Philip Coggan

BPCC, the publishing subsidiary of Maxwell Communication Corporation, yesterday vowed to press ahead with the purchase of pop singer Elton John's controlling interest in Watford Football Club, in spite of the Football League's opposition.

The teams have thus lined up for football's match of the season. On one side, in colours of yellow, white and yellow, is Mr Robert Maxwell, the publisher who now has interests in Watford, Derby and Oxford respectively; on the other, football's establishment - normally a rather colourless entity.

Mr Maxwell opened the game when he said last week that he would pull out of the deal if the Football League's management committee did not support it. That pledge appeared to have become something of an own goal when, on Thursday, the League not only refused to back the move but said it would not be desirable for any individual to appear to be in a position of influence in the management of more than one club.

However, Mr Maxwell, after calling the League committee "incompetent, bungling, selfish amateurs" on Thursday night, now appears to be following an unusual soccer tactic - ignoring the opposition altogether. The decision to proceed with the Watford deal, made by the BPCC board in Mr Maxwell's absence, has left the ball firmly in the League's half.

The League now seems likely to call a meeting of all the 92 football club chairmen to discuss ways of amending the rules to block the BPCC bid. However, such a meeting could take three weeks to arrange and thus would inevitably take place well past the December 8 date by which the Watford deal will be completed.

At the moment, Mr Maxwell and BPCC seem to have a large team on their side. Yesterday Mr John Holloran, BPCC's chief executive and the new Watford chairman, referred to the help of the board, the manager, the players, the supporters and "the good people of Watford and the surrounding towns

Background, Page 4

China to allow estate agents as part of economic changes

BY ROBIN PAULEY AND COLINA MACDOUGALL IN PEKING

CHINA plans to introduce building societies next year and allow individuals to set up as estate agents as part of a package of radical economic reforms.

The proposals were unveiled by the State Commission for Restructuring the Economy. Mr Song Tingming, director of the commission, said the reforms would also include the creation of four new state investment corporations, the introduction of a 15 per cent construction tax, a 20 per cent levy on low priority construction projects, a general tightening of credit control and the introduction of a two-tier taxation system.

Officials are also considering how best to make the Chinese currency, the Renminbi Yuan, into a fully-convertible international currency. Mr Song said: "But I do not expect any major decision in the foreseeable future. I only expect some adjustment of the Renminbi against the US dollar."

The introduction of building societies or "house banks" will start experimentally in 17 large and medium-sized cities. They will mainly be engaged in selling house leases although they will also deal in land leases. Mr Song said the scheme was designed to alleviate China's chronic housing shortage. "For example in Peking each person has on average only six square metres of living space."

The creation of four new investment corporations will end the system of interest-free funding of large national projects. In future, the Ministry of Finance will provide some investment funds but the majority will have to be raised through the new corporations.

This proposal has been approved against the wishes of both the Ministry of Finance and the State Planning Commission, which objected to their loss of control over investment. "Our goal is to get rid of the situation in which only one body controls investment," said Mr Song.

The new reform will include a twin attack on the overheated construction sector. Construction projects considered unnecessary will have to pay a 15 per cent construction tax. In addition, they will have to spend an amount equivalent to 20 per cent of the total project cost on government issued bonds for the financing of key projects of major national importance. These two proposals will raise the total cost to the developer of unnecessary projects by a third.

Mr Song said: "This should help to control our overheated investment."

The reform of the taxation system will separate national and local taxes, each tier of government being set free to decide its own budget and to raise taxes to finance it. "A new federal tax is under discussion for next year but nothing has been decided yet," Mr Song said.

Midland, Hongkong agree on shake-up

By David Lascelles, Banking Editor

MIDLAND BANK and the Hongkong and Shanghai Bank have agreed a co-operation plan involving the merging and transfer of branches worldwide and an exchange of subsidiaries.

A circular sent to Midland shareholders yesterday seeks their approval for Hongkong Bank's recent offer to buy a 14.9 per cent stake in Midland for at least £383m.

Sir Kit McMahon, Midland's chairman, tells shareholders: "The development of this relationship will greatly enhance our ability to gain profitable market share in our areas of emphasis."

The plan aims to reduce overlap between the banks' operations and to rationalise resources and customer bases. However, both will remain fully-fledged international banks, retaining operations in the money centres and capital markets.

In commercial banking, Midland will take over the running of Hongkong Bank's offices in Europe, apart from London and Frankfurt, and Hongkong Bank will assume control of Midland's offices in Bangkok, Singapore and Taipei. The banks will be jointly represented in Seoul and Midland will keep its offices in Peking and Bombay because of their importance to UK trade financing.

Midland will buy Hongkong Bank's European finance business, with net assets of £13m, and blend it with Forward Trust, its finance house subsidiary. Hongkong Bank will buy Midland's Canadian banking business with £27m in net assets and merge it with its bank there.

The banks believe they can work together in aerospace and shipping finance, insurance broking, property lending, shipbroking, travellers cheques and private banking. The circular says co-operation is being explored in investment banking, technology and support services.

A meeting has been called for December to approve the Hongkong Bank stake. M & G, the large UK fund management group, has expressed concern about the dilution of shareholders' holdings by the proposed investment.

Midland said yesterday it hoped the group would be swayed by the argument that the investment was positive for its business prospects.

The circular says the stock market crash will have relatively little direct impact on Midland's results for this year because it had withdrawn from market making in equities.

Funding boost for societies

BY NICK BUNKER

BRITAIN'S building societies are to be allowed greater freedom to turn to wholesale money markets to fund mortgage lending.

From January 1, the maximum amount they can borrow from wholesale sources, such as the Euromarkets, will rise from 20 per cent to 40 per cent of their total liabilities, the Government said yesterday.

The Building Societies Association warmly welcomed the decision. It had asked for the limit to be raised to 30 per cent.

The BSA has for six months been lobbying the Building Societies Commission, the industry's supervisory body, arguing that the 20 per cent threshold was an unreasonable constraint on financial flexibility.

Mr Tony Stoughton-Harris, BSA chairman, said the Government's move would ensure that societies were not at a competitive disadvantage compared with other mortgage lenders.

Increasing competition for the public's savings has forced many societies to rely more heavily than hitherto on wholesale instruments like Eurobonds, certificates of deposit or revolving underwriting facilities to support their buoyant mortgage lending.

The Halifax, the biggest building society, has seen its wholesale funding level edge up from 8 per cent at the end of last year to just under 10 per cent. The industry average is about 12 per cent, although a few societies have been nearing 18 per cent, usually regarded as the maximum workable level under the present regime.

Announcing the Government's decision to MPs , Mr Peter Lilley, Economic Secretary to the Treasury, said the 20 per cent limit was a constraint on the operation of only a few societies, but it hindered the planning of many more.

The Building Societies Commission recommended an increase to 40 per cent, rather than 30 per cent because the higher figure would give societies a better basis for long-term planning.

Amid the euphoria from building societies yesterday, a note of caution was struck by Mr John Ginarlis, banking analyst with Banque Paribas Capital Markets.

He said he was "very surprised" that the Treasury should allow societies to increase so substantially their exposure to potentially risky wholesale money markets when a recession could increase mortgage defaults and possessions significantly.

Irish shoot-out

Continued from Page 1

tentious clause in the act provides for warrants to be appealed against in the Irish High Court if the offences to which they relate are more than three or four years old.

Opening the debate in the Irish parliament yesterday, Mr Haughey said that he understood that many Irish people were troubled by the changes proposed under the European Convention for the Suppression of Terrorism, which will pass into law next Tuesday. The act being debated at the moment imposes safeguards in relation to the operation of the convention.

The opposition Labour Party has already expressed its intention to vote against the amendments and, after a hard-hitting speech from Mr Desmond O'Malley, it was clear that the Progressive Democrats would do so also. Mr Sean Barrett, spokesman for the largest opposition party, Fine Gael, also indicated his party's intention to put down amendments to many sections of the amended act.

John Hunt adds: Mrs Thatcher is disappointed at the modifications that Mr Haughey has proposed to the arrangements for extraditing terrorists from the republic to Northern Ireland.

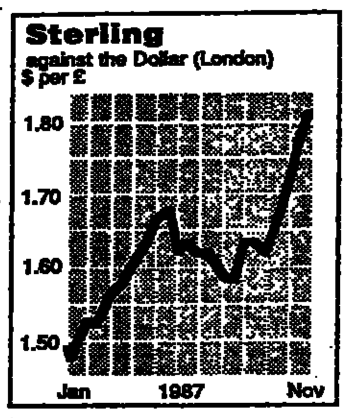
The Government's view is that the proposals would not improve extradition procedures and might even make them worse Britain believes the result will be that extradition cases will continue to get bogged down in the Irish courts.

THE LEX COLUMN

A semi-merry Christmas

Christmas is coming, and the retail trade is cocking its ear for the festive jingle of the tills. The extra twist this year comes from the collapse of the stock markets in October. If consumer confidence really has been dented, now is the time for it to show through, and more so among the share-owning US population than in the UK. Perversely, it seems to be the other way around.

FT Index fell 6.2 to 1308.2



Main Street America has a funny feeling that the events of October may yet take their toll. But for the moment, it is thanking its lucky stars for a certain event in December. On the busiest shopping day of the year - the day after Thanksgiving, when Christmas panic sets in in earnest - the Wall Street/Main Street link was looking surprisingly weak. Whatever the objective evidence to the contrary, most of America's private shareholders simply do not feel that much poorer - and those who do are prepared to ignore it. While unemployment stays low, paper losses on investments made for a rainy day will have a limited impact on the cash register.

The Conference Board is predicting an average household spend at Christmas of $380 this year - the same as last year. The distribution of this largesse will almost certainly change, with big ticket items like cars and furniture - not to mention furs and jewelry - suffering most. And apparel retailers, already in trouble before the crash, are discounting heavily to move large inventories; sales may hold up, but profits scarcely can. Meanwhile those who sell to established wealth rather than the yuppie market are likely to come out ahead: Jaguar is predicting record US sales next month. In the bleak light of a New Year dawn, though, concern over jobs and taxes will make a seasonal reappearance with the retailer the loser. In the UK, by contrast, retailers are starting to look like losers already. The idea prevailing in the UK market that stores shares are defensive in times of crisis, which buoyed the sector immediately following the crash six weeks ago, has begun to wear thin. It has only taken a few stories of poor trading to turn the sector's recent outperformance around.

The problem is that while retail sales figures have been buoyant this year, and other influences - sharply rising earnings, low retail inflation, mortgage rate reductions - should have been favourable to retailers, many have found the going tough. The answer to that conundrum might be that the rapid expansion in retail sales areas through new openings has more than absorbed the extra volume.

Since the market crash - even though relatively few people in the UK have actually lost money - there is some evidence of a loss of consumer confidence. Dixons' experience of a fall off in sales of big ticket goods virtually the day after the stock market first fell suggests that consumers are nervous of spending the piles of cash that they undoubtedly have.

It may be that confidence will return within a few weeks - and Christmas, though sometimes "late", is almost never actually bad for retailers. But the gloomier possibility is that, like the stock market, sales of high cost electrical goods are a lead indicator of a downturn in the economy. And if the big retailers were finding it difficult to gain volume when sales were supposedly strong, how will they cope with zero growth or decline?

Markets

The London equity market this week has seemed becalmed in the eye of the storm, with no real indication of where it is headed next. This is partly due to the Thanksgiving holiday on Wall Street, but there is also a sense that fund managers have finished the scramble to realign their portfolios in the wake of the equity collapse and are now happy to sit on their hands.

The drying up of business is starting to create a real problem for stockbroking firms. Volume yesterday was a fifth of its peak at the time of the crash, and a tenth of that was in BP. If the market were to resume a downward drift, volume could well stay at these levels; and though firms might be reluctant to wield the axe this side of Christmas, there could be nasty cutbacks in the New Year.

The dollar has already resumed its downward drift, hitting new lows yesterday against the D-mark and the Yen. The botched nature of the US budget accord has now fully sunk in, and hopes are fading that the Bundesbank might feel obliged to cut German interest rates in response. Meanwhile, US long bond yields have jumped sharply after a fortnight of calm. Far from heading for a recession, the US economy looks as robust as ever; and if an economy with full employment sees its currency depreciate by 10 per cent in a matter of weeks, there is more than a whiff of inflation in the air.

Midland Bank

If Hongkong and Shanghai Banking Corporation is prepared to pay a near one third premium over Midland Bank's current share price to buy a 14.9 per cent stake in Midland Bank, should the latter's shareholders be concerned? Judging by the rumblings in the City over the last fortnight there is at least one well known institution which is wondering whether it should oppose Midland Bank's efforts to bolster its capital position by taking Hongkong Bank's money. To the layman, this might seem rather strange. True, Midland Bank is asking its shareholders to waive their priority, or pre-emption rights, to subscribe for a new issue of more than 5 per cent of the bank's equity. On the other hand, Midland Bank would find it impossible to launch yet another rights issue anywhere near the minimum 475p that The Hongkong Bank is prepared to pay.

Until now the pre-emption rights debate has been concentrated on cases of companies selling shares to new shareholders at discounts to market prices. Clearly, the Midland Bank issue, which must be voted on by shareholders next month, does not fit into this category. Nevertheless, there is a potential concern that Midland may be selling a strategic stake in itself too cheaply, since it reduces the possibility of a third party making a takeover bid. This in turn is complicated by the fact that the Bank of England would almost certainly block a hostile bid for Midland. The question which shareholders need to ask is whether the commercial and financial benefits of Midland's Hongkong link more than offset the reduction of any bid premium. Midland has made a good case.

CHIEF LONDON PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES			
Anchor Chemical	630	+	15
Bass	811	+	19
Biotechnology Invs.	65	+	15
Chamberlin & Hill	111	+	11
Delta Group	222	+	9½
Edbro	203	+	10
Electronic Rentals	78	+	6
Kwik Save	292	+	10
Leigh Interests	177	+	13
Mersey Dock Units	368	+	15
Pearl Group	345	+	10
Scot. & Newcastle	222	+	11
Sheraton Secs.	63	+	13
Siebe	284	+	15
Tate & Lyle	701	+	34
Victor Products	132	+	12
Wellcome	392	+	18

FALLS			
BPB Inds.	237	-	7
Blue Circle	319	-	10
Brit. Aerospace	300	-	13
Calor Group	433	-	35
Coats Viyella	237½	-	10½
Courtaulds	325	-	8
Dixons	207	-	9
Fisons	239	-	9
Inchcape	575	-	12
Johnson Matthey	223	-	22
Lonrho	211	-	8
Marks & Spencer	177	-	7
Rothmans B	388	-	9

WORLDWIDE WEATHER

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	10	50	Dallas †	C	8	46
Algiers	C	14	57	Dublin	C	4	39
Amsterdam	R	6	43	Dubrovnik	C	12	54
Athens	C	19	66	Edinburgh	C	5	41
Bahrain	S	24	75	Faro	S	15	59
Barcelona	S	10	50	Florence	C	11	52
Belfast	Fg	4	39	Frankfurt	C	4	39
Belgrade	R	11	52	Geneva	C	4	39
Berlin	C	4	39	Gibraltar	S	15	59
Biarritz	C	10	50	Glasgow	F	6	43
Birmingham	S	5	41	Guernsey	C	7	45
Blackpool	S	5	41	Helsinki	Dr	0	32
Bombay	F	34	93	Hong Kong	R	25	77
Bordeaux	C	7	45	Innsbruck	Sn	1	34
Boulogne	C	6	43	Inverness	C	5	41
Bristol	S	7	45	Isle of Man	F	9	48
Brussels	C	6	43	Istanbul	F	16	61
Buenos Aires		-	-	Jersey	F	7	45
Budapest	R	10	50	Johannesburg	S	27	81
Cairo	F	24	75	Las Palmas	F	22	72
Cape Town	S	22	72	Leeds	S	5	41
Cardiff	S	8	46	Lisbon	S	12	54
Chicago †	C	5	41	Locarno	S	11	52
Cologne	Dr	3	37	London	S	7	45
Copenhagen	C	5	41	Los Angeles †	F	11	52
Corfu	T	17	63	Luxembourg	C	2	36

		Y'day midday °C	°F			Y'day midday °C	°F
Madeira	C	19	66	Prague	C	5	41
Madrid	S	7	45	Reykjavik	R	5	41
Majorca	S	13	55	Rhodes	F	18	64
Malaga	S	15	59	Rio de Janeiro		-	-
Malta	C	17	63	Rome	F	14	57
Manchester	C	3	37	Salzburg	Sn	2	36
Melbourne	C	15	59	S'Francisco †	F	7	45
Mexico City		-	-	Santiago		-	-
Miami †	F	23	73	Seoul	R	6	43
Milan	S	9	48	Singapore	F	31	88
Montreal †	S	-8	18	Stockholm	Dr	0	32
Moscow	Sn	-5	23	Strasbourg	C	4	39
Munich	Sn	-1	30	Sydney	F	21	70
Nairobi	C	22	72	Tangier	F	15	59
Naples	F	15	59	Tel Aviv	S	21	70
Nassau		-	-	Tenerife	C	20	68
Newcastle	S	3	37	Tokyo	S	16	61
New Delhi	S	25	77	Toronto †	C	-1	30
New York †	C	3	37	Tunis	F	18	64
Nice	S	13	55	Valencia	S	13	55
Nicosia	S	21	70	Venice	R	9	48
Oporto	S	11	52	Vienna	R	4	39
Oslo	F	-1	30	Warsaw	R	8	46
Paris	F	7	45	Washington †	C	6	43
Peking	S	-3	27	Wellington	F	15	59
Perth	S	23	73	Zurich	C	3	37

C–Cloudy. Dr–Drizzle. F–Fair. Fg–Fog. H–Hail. R–Rain. S–Sunny. Sl–Sleet. Sn–Snow. T–Thunder.
† Noon GMT temperatures

Granada wins battle for rival

BY NIKKI TAIT

BRITAIN'S first large-scale bid battle since Black Monday came to an abrupt halt yesterday when Granada, the TV and leisure group, agreed higher terms for Electronics Rentals, its Crawley-based rival whose outlets trade under the Visionhire name.

The new bid, which could give Granada more than 35 per cent of the TV and video rental market, values Electronic Rentals at £250m against £222m under the earlier terms.

Yesterday, Mr David Hurley, ER's managing director - who will become deputy chairman of Granada's TV and video rental and retail division - said the company had felt the new terms represented "a good increase and a good deal for shareholders."

"Obviously, after running an independent company one is personally disappointed, but they timed the approach very well. It's good that we're out of the City and back in the high street."

Critically, the revised offer has the backing of Philips, the Dutch electronics company which holds a key 21.8 per cent stake in ER. Earlier, Philips' representative on ER's board, Mr Frans Rulo, had suggested that the Dutch company would back ER's opposition to the bid. Yesterday, however, Philips said that had been persuaded by the higher terms.

Philips, which is a much larger supplier to ER than Granada, stressed the future trading relationship had not been discussed. Under the new terms, it could end up with convertible shares in Granada; given full conversion, these would give Philips about 5 per cent of Granada.

With Philips' 21.8 per cent irrevocably pledged to accept and Granada itself owning 14.9 per cent of its target, 36.7 per cent of ER shares are already in Granda's hands.

The deal still has to overcome a possible monopolies reference, and yesterday the Office of Fair Trading confirmed it was looking at the bid. At present, the rental market comprises three main players - Thorn-EMI with 40-43 per cent, Granada with about 20 per cent, and ER with under 15 per cent - and the high market share resulting from the merger would normally trigger a reference. Granada, however, maintains that the distinction between rental and retail markets is eroding. In the combined rental/retail sector, the Granada/ER share reduces to under 20 per cent.

Yesterday, Granada said it was too early to assess the rationalisation which will follow from the bid. Granada takes in about 620 outlets, and ER 450; analysts have suggested that as much as one fifth of these could be combined.

Under the revised terms, ER shareholders are offered one Granada 7.5 per cent convertible preference share and 66p in cash for every two ER. With Granada at 263p, its advisers were valuing the convertibles at 104.3p, making the offer worth 85p a share. Yesterday shares in ER added 6p to 78p on news of the higher offer.

Continued from Page 1

City worried

In the Eurobond market new issue activity has shrunk to its lowest level in years, despite the rally in international bond markets.

In London the dollar closed at DM1.6540 compared with DM1.6685 on Thursday and at Y133.65 compared with Y134.55 previously.

The pound closed at DM2.9950, unchanged from the previous day and the Bank of England's trade weighted sterling index closed at 76, up from 75.7

WEEKEND FT

Saturday 28/Sunday 29 November 1987

• MARKETS • FINANCE & THE FAMILY • PROPERTY • TRAVEL • MOTORING • DIVERSIONS • HOW TO SPEND IT • BOOKS • ARTS • TV •

STAR WARS

At the highest level, as assessed by Michelin, British food and cooking is certainly improving. But how does the star system work? What are the pressures on a top chef or patron? To find out, Michael Thompson-Noel met a man from the shadows: the chief inspector of Michelin.

"SORBET?" said the waiter. "Sorry, sorbet's off. We have a problem with the machine. Decaffeinated coffee? I am afraid we do not serve it." I tensed forward in my seat as a flicker of irritation appeared on the face of my guest. Yet it vanished in a millisecond, unnoticed by the waiter or by anyone else.

As hardships go, a lack of sorbet and decaff do not loom large on a cosmic scale. Worse things can happen. Yet this meal was different, for I was sitting in a Michelin one-starred restaurant in the centre of London at the cross-roads of the world - privileged (by definition) and cocooned (you would have thought) in a micro-world of pleasure where wonderful things are served to you with precision and panache.

What was more, the guest sitting opposite me was a man from the shadows. Unheralded and anonymous, he moves mysteriously but with speed through some of the most rarified strata of the high-life scene, a maker of fortunes and reputations, a wielder of power - in short, the one man in Britain who really should be served a sorbet whenever such a fancy flits across his mind: the Michelin chief inspector.

The Michelin chief inspector for Britain is 44-year-old Derek Brown who is slim and bespectacled and who eats his food with relish, flourishing his cutlery like a high-priced surgeon. (I will give you no more clues. You wouldn't spot him anyway, for he is a man of deep tradecraft). Chief inspector Brown is head of Michelin's UK tourism department, editor of its publications and the leader of an eight-man inspectorate that eats its way round Britain checking good restaurants for the Michelin Red Guide, whose appearance each January, and its awarding of stars, stirs fanfare and trepidation.

After all, much is at stake. Fortunes can be won and lost on Michelin's say-so for Michelin's stars are emblems of great merit: coveted and fought for. Nico Ladenis, one of Britain's tiny handful of two-star chefs, says that his life's ambition is to conquer the "summit of excellence - three Michelin stars," because "great restaurants are held together by this terrifying symbol."

Outside the star system, Britain is still a world showcase for dreadful food and cooking. When the food we get publicly isn't spittingly horrendous or flung on cardboard plates in fast food outlets it can be hysterically pretentious, for we pluck stray ideas from France and debase and demean them as rapidly as possible.

Michael Smith, an authority on English food and cooking, argues that on the whole we treat our tourists well because we need their money. Yet we resent their presence and their funny accents. "Above all we resent the effort entailed in providing them with decent food." He says that we feed our visitors (and ourselves) American food, French food, Italian food, Greek, Chinese, Japanese, German, Austrian, Indian, Danish, Thai, Indonesian, Turkish, Armenian, Jewish, Arab, Mexican. "Yet in the greatest capital city in the world you would be hard put to count on your ten fingers anywhere offering an across-the-board selection of national (English) dishes. And where among the thousands of restaurants in this city of over 12m people is there one serving Scottish, Irish or Welsh food?"

At the present rate of progress it may be a century or more before British food and restaurants, taken as a whole, even start to rival our achievements in the other performing arts. Yet standards are improving, slowly and perceptibly, at least at the apex as measured by Michelin. Mystery and nebulousness cloud the Michelin star system. Let me try to dispel them.

To begin with, Michelin stars in Britain are scarcely more numerous than gold sovereigns on an orphanage Christmas tree. The 1987 Red Guide for Britain and Ireland lists only 13 one-star restaurants in London, three two-star (The Terrace, La Tante Claire and Simply Nico), and one three-star (Le Gavroche). Total firepower in the capital: 22 stars. Away from London there is one three-star restaurant (Waterside Inn at Bray-on-Thames), one two-star (Le Manoir aux Quat'Saisons, outside Oxford), and 20 one-star, including two in Scotland and three in Ireland. Total provincial firepower: 25 stars. Combined British and Irish starpower: just 47 twinkles, a minute fraction of that in France, though France, of course, is civilised, with thousands more good restaurants.

Michelin first awarded stars in Britain and Ireland in 1974, when 24 restaurants won a single star. By 1980 the firepower had risen to 35 stars. Only four restaurants have held stars uninterruptedly: Le Gavroche and the Connaught in London, Waterside Inn, and the Box Tree at Ilkley. In 1977 these four became Britain's first two-star restaurants. Le Gavroche was awarded its third star in 1982 and the Waterside Inn its third in 1985, though the Connaught was relegated back to one-star status in 1982 and the Box Tree ditto in 1987. Quite a few restaurants have held stars for only one or two years before fading or folding, for the pressures on a star chef or patron can be titanic.

"We may be slow to award stars initially," says chief inspector Brown, "but we move with alacrity when taking them away. We must have eaten in 10,000 to 12,000 establishments over the last 15 years, for we visit every restaurant that would be of interest to our guide."

The inspectors' average age is 30. All are British, all are from the hotel industry and all have cooked and managed restaurants. They spend two weeks on the road, lunch and dinner every day, and one week in the office, preparing their reports. They keep this up for 10 months out of 12, moving round continually. It takes a Michelin inspector six months to eat his way round Britain. When an inspector's job is advertised Michelin has to sift through 400 applications.

The inspectors visit restaurants anonymously and Michelin pays all bills. In return for this labour of love Michelin sells 50,000 copies of its UK Red Guide in Britain plus another 40,000 overseas (it costs £6.75), compared with sales of 700,000 worldwide for the French guide. All up, Michelin is France's sixth largest publisher by weight-of-paper, though its guides and maps represent only a tiny fraction of turnover for what is the world's second largest tyre company.

Naturally the Michelin inspectors hover like blowflies when a restaurant is on the brink of stardom, or about to go nova, or in danger of disappearing down its own black hole. "Restaurants that are candidates for a star can be seen as many as ten times in a year," says chief inspector Brown, "with lengthy reports written after each visit. Then there is a series of meetings with the final one lasting three days to decide the awarding of stars. If we've been to a restaurant 10 times we expect 95 per cent of all the food to be of star quality. We're after consistency. We don't think there is room for error in our system." Brown himself attended hotel school, worked in London, cooked for two years, ran a restaurant, worked as a wine waiter abroad, ran hotels in the West Country and joined Michelin 16 years ago as a food inspector.

Who defines standards? "There is an attempt to achieve uniform standards throughout Europe," he says. "In a sense the industry sets its own standards. We don't look for something that doesn't exist. Inspectors have periods in other countries to see what's going on. Standards come from France, but we don't have a book of French instructions saying this is how you judge a starred restaurant. An Englishman could just as easily go to Spain and evaluate Spanish cooking."

Although Michelin's celestial system occasionally inspires controversy among outsiders, it is regarded with enormous respect by those who have joined the elite. "A lot of people," says the chief inspector, "ask us what they have to do to get a star. And we say: that's not what you're in business for. There's no point cooking one-star food and having an empty restaurant. Your ambition should be to satisfy your customers and then think of accolades."

To break into the star system takes artistry and energy and great balls of cash. It is estimated that to establish a three-star restaurant in London would cost over £1m. Even a one-star restaurant in central London probably signifies an investment of at least £250,000, though the magnitude of the start-up cost depends on whether or not a freehold is purchased. The chef and the cooking are all-important, yet ambience and comfort are certainly weighed in the equation. At the two-star level, let alone three, a restaurateur is likely to have spent mightily on decor, furnishings, porcelain, cutlery, glassware and so on.

Initially, star candidates are appraised on numerous key points: is the menu interesting? The food seasonal and very fresh? The dishes prepared and cooked properly? The ingredients compatible? Does the presentation show flair? Is the service professional or too intrusive? The tableware scrupulously clean? The cutlery correct? "At the two-star level," says the chief inspector, "there must be more elaboration in terms of depth of cooking - and no mistakes. Everything must be beautifully made using the very best ingredients. Three stars is another dimension again."

Vincent Calcerano is proprietor of the one-star Rue St Jacques in London's Charlotte Street (the chef is Gunther Schlender and there is a sleeping partner, John McTaggart, who owns 80 per cent of the shares). Calcerano claims that it is harder to win stars in Britain than in France or Belgium, a view shared by some of his rivals but certainly not by all. "In the last two years in London 35 to 40 restaurants have sought to join the top league, but many are tourist traps. We've spent nearly £1m in four years on two refurbishments (the figure includes the freehold). This restaurant is pure luxury. It cannot make large profits."

At L'Arlequin (one star, Queenstown Road, Battersea) chef-patron Christian Delteil says that there is a clear difference between one and two stars, less of a gap from two to three. "I have a budget for a second star," he says manfully. A year ago the Restaurant Suntory in St James's Street, London, became the first Japanese restaurant in the world to win a Michelin star and strives, says manager Masaru Uchida, "to prepare good circumstances for entertainment. There is a lot of pressure but they are very pleased with us in Tokyo. Very. From two years ago we make a small profit."

At Calcot Manor (one star, Tetbury, Gloucestershire) owner Brian Ball and chef Ramon Fathing (a 26-year-old from Essex) agree that a second star would mean more investment, more space, a more important wine list. "But we've cracked the consistency," says Fathing. "Just to maintain a star you have to cook to 1½-star standards." Profits can be hard to find even at the two-star level. At 53, Nico Ladenis says that he is the oldest of London's top chefs though he hopes "one day, against all odds and logic, to achieve three stars. But I would stop very shortly afterwards." Generally portrayed as an ogre-genius (he denies the first part), he owns Simply Nico (Rochester Row, Victoria).

"It cost me £200,000 to kit this restaurant out from a shell. It's a 34-seater, barely 1,000 sq ft, 18 staff including my wife and daughter. On a turnover of £14,000 to £15,000 a week, including VAT, my net profit is 6 to 7 per cent. At our first restaurant in 1973 we charged £7 for two. In 1987 we charge £90 for two, but our profit margins were higher all those years ago."

He had a bad experience with a restaurant in Reading, but says that a lot more chefs are being forced out of London by exhorbitant start-up costs. "There are so many obstacles conspiring against the high-quality restaurateur when he begins: rents, rates, planning applications, licensing laws, etcetera. The picture is bleak for the small man, the inspired amateur or the gifted young chef trying to begin. In London large sites become big, buzzing theme restaurants. Out goes the talent in the kitchen, in comes the simple cooking process for high volume and the conveyer belt of American-style service." Ladenis adds that his own decision to open in Reading was a catastrophe: "It rained the whole year we were there. I was in a permanent daze of amazement at the expectations of certain customers."

The man that Ladenis regards as the "giant of the London scene" is Pierre Koffmann, chef-patron at La Tante Claire (two stars, Royal Hospital Road, Chelsea) who is certainly amusing. Koffmann has spent almost £400,000 on his restaurant. "Is a lot of money. Now I've got the bank manager to think of." He says that he reserves 60 per cent of his places for English people because they are his best customers. "Aperitif. Bottle of white. Bottle of red. Digestif. Very good and jolly. Americans ask for a dry martini, salad, steak."

To move from two stars to three is the unique achievement (so far) of the Roux brothers, Albert and Michel, who have used their extraordinary gifts to build a spangled empire. Albert owns 100 per cent of Le Gavroche (say £55 per head for dinner), Michel 100 per cent of Waterside Inn, while their holding company, Roux Restaurants (turnover: £10m-ish) fosters Le Poulbot, Le Gamin, Gavvers, Rouxl Britannia, No 3 Sydney Street, Fortyseven Park Street (an apartment-hotel), and so on.

They are feted and admired, and have an army of chef-disciples, many of them English, fanning out through Britain,

Albert says that the Michelin system in Britain is "100 per cent similar to the French system. It is a bible. People have committed suicide when they've lost a star." Would the sickening of world stock markets cramp the Roux style? "I do not believe so. If they announced that an atomic bomb would fall on London tomorrow there would be long, long queues at Le Gavroche because people would wish to end in beauty.

"The top of the market is always the last to die. There are different kinds of money. No doubt we will sell fewer £700 bottles of wine. But we will not see a fall in our bookings." He says that Britain is a "child" where eating is concerned: that the leap in standards at the apex is "only the beginning."

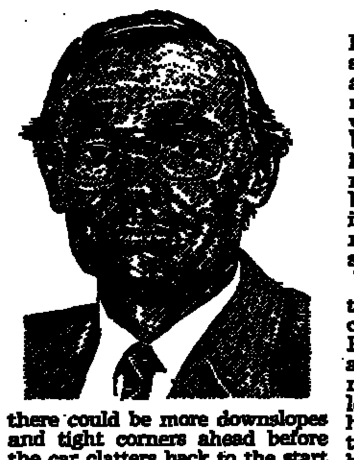
For one restaurant, though, it could be farewell, for at the end of my meal with Michelin chief inspector Brown I asked him how he had enjoyed the show. He became crisp and serious. "It's hot in here," he said, "and we're all jammed close together. The cooking was careless, not all of a piece. That sauce I had was greasy. The chablis they gave me was not the year listed. Did you happen to notice that? And the service was too positive, verging on the aggressive." He did not look very pleased.

On the pavement outside, as he headed back into the shadows, I could see Christmas lights gleaming. Dazzled by their glare, a Michelin star was fading in the cinder-black night.

The Long View

Bearing up to a matter of costs

The percentage charged for managing unit trusts is likely to come under closer scrutiny now the euphoria of the bull market has gone, says Barry Riley



A READER was alarmed to discover recently that the management expenses of her unit trust amounted to some 20 per cent of its income - an alarmingly high proportion,she considered.

Now, it stands to reason that, if equities yield only 4.5 per cent in the UK, 3.7 per cent in the US and 0.6 per cent in Japan, figures which were actually much lower before the market crash, there is not much of a cushion against costs. The average annual management charge on UK trusts alone is now around 1 per cent (it used to be 0.5 per cent a few years ago), although you can argue that this is more in the nature of a charge against capital than against income.

And here is the rub, for the long bull market,with its juicy returns,has distracted attention from the tedious question of costs. What does 1 per cent or 2 per cent matter when you can earn 30 per cent or 40 per cent? Yet costs do have a detectable impact,especially if you are one of those nitpicking people who insist on comparing investment returns with an underlying market index and refuse to be satisfied by the absolute figures.

The median UK general unit trust has underperformed the FT All-Share Index by 1.5 per cent a year over the past ten years, according to figures produced by the Unit Trust Association. On the other hand, that same median fund has returned an average 21 per cent a year, including net dividend income,up to the flattering date of October 1, 1987. This compares with a miserable 8 per cent on a building society term account,so who is complaining?

Even after the crash the ten-year average annual return is still, at a guess, around 17 per cent, but the future looks a good deal less rosy. In the very long run a return of more than 5 or 6 per cent above inflation is unlikely and in the shorter term there would be a considerable downside if the world economy were to move into recession.

All this is provoking a great deal of heart-searching and budget-crunching among the investment community. Fund managers have been riding a very profitable rollercoaster upwards,with their incomes geared to the level of the bull market. In the year to the end of September the UK equity market rose by more than 50 per cent. Now the first stomach-wrenching dip has come - you could almost hear the squeals - and there could be more downslopes and tight corners ahead before the car clatters back to the start of the circuit.

The financial services industry is very fond of living off percentages. When markets are going up, as they do most of the time, incomes rise automatically and everybody gets paid more - sometimes much more - for doing the same job. The clients rarely complain because they are doing well, too. Everybody is happy.

The crunch comes when markets drop. Investment managers suddenly receive "x" per cent of a lot less. In fact the impact has not been all that severe on a year-on-year basis, because the UK equity market is still a little higher than it was twelve months ago; but the difference between 1988 budgets drawn up in, say, September and the current revised versions will be severe.

Financial intermediaries face the same problem. Switching a client out of a UK unit trust into Hong Kong fund a few months ago will have earned a fat commission. Switching back again at lower levels after the crash will have been much less remunerative and the client is unlikely to have been very pleased with the net result.

Traditional stockbrokers have been used to surviving booms and slumps. Their partners and staff have accepted huge variations in incomes from time to time and have been prepared to work all hours in bull markets,while taking it easy during the slumps. Whether the newer breed of securities firms created because of Big Bang will prove so flexible is not yet clear. They are capital intensive in a way that the old agency brokers never were.

That there is plenty of room for belt tightening in the City of London is not in doubt. If champagne bars begin to put up the shutters the clients of the investment industry will have few objections.

More uncertain are the implications of the substantial paper fortunes lost by many senior managers in listed companies. Six weeks ago their executive stock options were worth six or seven figures; now, with share prices of GT, MAM or Britannia Arrow halved or worse, they may be worth nothing. Will they roll up their sleeves or sink into depression? And there is a real risk that a bear phase, if prolonged,could create instability which would certainly not be in the interests of users of the markets. Dozens of unit trust companies face a squeeze which could force them into mergers;hundreds,maybe thousands,of small firms of intermediaries are entering the first serious bear market they have experienced,at the very time that their financial affairs are being closely scrutinised by the new breed of regulators.

It is not as though high quality investment advice is somehow less important or valuable in hard times: quite the reverse. The theory is that your regular adviser or manager will continue to provide good service through thick and thin, even if his remuneration is scant at times. Well, we shall see.

Certainly fund managers are reluctant to approach clients with requests for higher fees in difficult periods when those clients have suffered recent losses and may be considering withdrawing their money in any case. A demand for extra charges could be the last straw. So although,for example,many unit trusts with newer-style trust deeds reserve the right to raise their annual charges (sometimes to as high as 2 per cent) subject only to giving three months' notice to unitholders,they will be nervous about doing so until the investment outlook seems clearer.

It could be uncomfortable for the City but in fact a burst of intensified competition will be no bad thing. In the absence of fancy performance numbers to divert their attention,investors such as my eagle-eyed correspondent will increasingly be looking at the value for money they are being offered.

Who knows, lower charges might even become part of the sales message,rather than hyped up short-term performance. It's not only investors who can do the saving.

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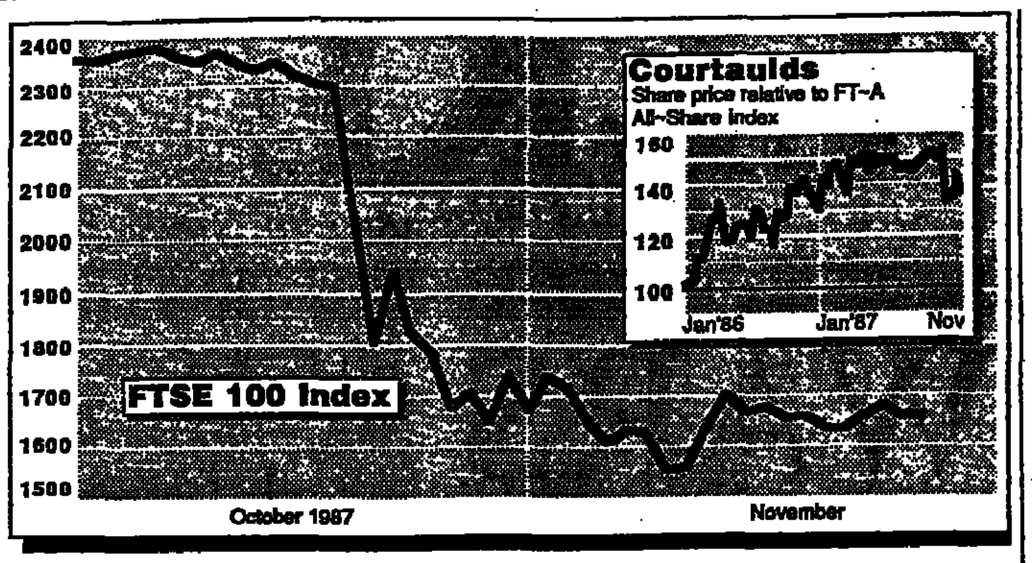
Everything waits on Washington



FIRST THE great crash, now a mood of dazed, traumatised torpor.

The most remarkable feature of the London market over the past week has been its very thin trading volume. Behind that lies continued uncertainty over the global economic outlook following the Black Monday plunge in equity values.

The long-awaited agreement between the White House and Congressional leaders on a reduction of the US budget deficit was announced at the start of last weekend. But the anti-climactic outcome hardly had London traders jumping with excitement when they returned to their desks on Monday.

Precisely what was being cut was left studiously vague, the package appeared certain to face strong congressional opposition, and President Reagan said that, in any case, he would veto any resulting "bad" tax changes. All of this means that the haggling in Washington is far from over and uncertainty will continue to plague the world's markets, London included, which have come to view a resolution of the deficit issue as the touchstone for the international economic outlook.

Nevertheless, a round of unexpected European interest rate cuts helped offset the transatlantic blues, although Nigel Lawson, the Chancellor, made clear it was too soon for the UK to consider a further reduction in rates.

The London market also took some comfort this week from further indications that the UK domestic economy is in relatively good health.

Monday brought a survey from the Confederation of British Industry suggesting that manufacturers were confident of shrugging off the worst of the stock market crash, with capital spending expected to rise over the next 12 months, despite the more uncertain outlook. Tuesday produced a set of trade figures which were no worse than the market had been expecting.

London

This helped produce a two-day rally which took the FT-SE 100 index up 55.7 points to 1689.1 on Tuesday night before dropping away again later in the week. Some analysts are now arguing that the index is settling down in a range between 1500 and 1700, and are warning investors not to chase shares above the 1700 level.

The markets are also anxiously scanning company results announcements for early warning signs of trouble ahead and had a very mixed bag of figures to contend with this week.

S G Warburg, the securities house, which is widely regarded as Britain's best candidate for the international big league alongside the top American and Japanese houses, produced interims showing a doubling of pre-tax profits to £76.8m.

This was of somewhat academic interest, since the period covered was that of the raging bull market before Black Monday. Still, the improvement underscored the promising way in which the enlarged Warburg group has settled down since Big Bang (in contrast to some of its rivals) and the spread of the business, which should give it some cushion in the current downturn.

Sir David Scholey, the chairman, said the group had been hit by losses since the market crash, but these were smaller than those disclosed by Barclays de Zoete Wedd, the investment banking arm of Barclays Bank and another leading contender for the international first division.

BAT Industries, the tobacco-based multi-national with interests in insurance, paper and retailing, disappointed the market with its nine month figures (pre-tax profits up 16 per cent to £1.02bn), though this was due in large measure to an unheralded and complex treatment of investment gains in the light of the market crash.

BAT did warn, however, that the turmoil in the markets could have a significant impact on its results. It is one of the first major companies to sound such a cautious note - but then BAT is very heavily exposed to the US economy. Against that, however, tobacco is a traditional defensive sector in times of recession (thanks to strong cash flow and the slow-changing nature of demand) while composite insurance also offers defensive qualities. The shares stand on a lowly prospective p/e of about 7, underpinned by a yield of nearly 5.5 per cent.

Courtaulds, the textiles and chemicals group, also saw its shares suffer this week when it produced its interim figures - even though the 25 per cent increase in pre-tax profits to £102.2m was ahead of most expectations.

Sir Christopher Hogg, the chairman, must be rather galled by the way the market has treated the company since Black Monday.

After years of painful rationalisation he had finally brought the City round to seeing the group as a strong, diversified business. But in the wake of the crash, traditional fears over the group's cyclical nature have reasserted themselves, coupled with concern over its US exposure, which is in fact not that great.

Meanwhile, life is returning to the takeover business. This week saw a fresh burst of opportunistic stake building andfull-scale bids as predators took advantage of the much cheaper prices now available.

Plessey underlined its intention to become a world-class company in specialised semi-conductors by paying £30m for Ferranti's semi-conductor operations, while Allied-Lyons, the food and drinks group, is spending £570m to buy up the 49 per cent it does not already own in Hiram Walker, the Canadian drinks business.

RTZ launched an unwelcome £206m bid for MK Electric, an electrical accessories group which has been the subject of bid speculation for years. RTZ is generally known for mining but its industrial interests now account for some 60 per cent of profits and it argues that MK would make a good fit with RTZ Pillar, its building products subsidiary.

But RTZ, which amassed 22 per cent of MK's equity in a market raid, could still face a rival in the form of Legrand, the French market leader in electrical accessories. It quickly snapped up a 2.6 per cent stake in MK and is arranging to meet the management.

Martin Dickson

LAST WEEK'S CHANGES

The following table shows the changes in the FT 30-share index and its constituents over the past week. The FT-SE index is also shown.

	Price yesterday	Change since 20/11	1987 High	1987 Low		Price yesterday	Change since 20/11	1987 High	1987 Low
FT Ord Ind	1388.2	+22½	1926.2	1232.0	Grand Met	402	+15	605	348
ASDA-MFI	164	+2	226½	142½	GKN	272	+7	434	235
Allied-Lyons	334	+4	471	290	Guinness	258	+21	389	227
BICC	311	+3	436	269	Hanson Trust	129	+3	195½	116
BOC	352	-1	559	300	Hawker Sidd	426	+7	630	377
BTR	260	+6	374	228	ICI	£10¾	+⅛	£16½	970
Beecham	438	+5	589	268	Lucas Ind	494	-1	795	465
Blue Circle Inds	319	-16	579	289	Marks & S	177	-4	280½	177
Boots	220	n/c	329½	215	NatWest Bank	548	+15	794	498
British Gas	123½	-8½	200	106	P & O	500	+36	776	425
BP	251	-1	416	238	Plessey	135	+6	258	127
British Telecom	214	-5	337	206	Royal Insce	383	+10	595	345
Cad Schweppes	229	+10	291	119	Tate & Lyle	701	+58	944	560
Courtaulds	325	-4	535	302	Thorn EMI	541	+32	830	436
GEC	169	+5½	251	162	Trusthouse	198	+½	286	171
Glaxo	£10¾	+⅛	£18½	990	FT-SE 100	1651.6		2443.4	1608.1

When the dancing had to stop

EVEN Fred Astaire and Ginger Rogers had to break up eventually. But yesterday's news that Debbie Moore and the Unlisted Securities Market are to part company must have caused followers of the junior markets a brief moment of nostalgia.

Ms Moore danced on to the USM in 1982 when everybody who wanted to be a somebody was cramming themselves into a leotard. Pineapple Dance Studios, founded by Ms Moore in an old pineapple warehouse in London's Covent Garden, was at the forefront of the urge to keep in shape.

Those were heady days. Ms Moore, an ex-model, appeared on the floor of the Stock Exchange in a ra-ra skirt and black tights; even overweight jobbers, who could not tell a tango from a canned drink, were enthused enough to push the shares to a first day premium of 85 per cent.

Profits rose by 50 per cent in the first annual figures after flotation and the company raised £1.5m via a rights issue to buy a converted warehouse in New York. "Pineapple meets the Big Apple" was a gift for headline writers. In March 1984 came the ultimate accolade - an award as Business Woman of the Year presented by a government minister. Nemesis, having waited patiently in the wings, now chose its moment to seize the spotlight.

Aerobics began to lose popularity as health experts casted doubts on its efficacy. Ms Moore's marriage to the co-founder and finance director, Norris Masters, broke up causing Mr Masters to leave the company in early 1985. Then in May that year, Pineapple announced a first half pre-tax loss of £197,000. The shares fell back below the issue price.

Ms Moore had already moved the company into franchising and merchandising in an attempt to detach the company from the decline in the popularity of aerobics. "I want" she said in 1985 "the Pineapple brand name to get as well known worldwide as Lee Cooper or Levi."

Help was at hand in the form of Peter Bain, brought in from the Hawley Group, the diversified services group which, after buying shares from Norris Masters, had amassed a 27 per cent stake in Pineapple.

Over the past two years, Pineapple has acquired a string of marketing services companies - Golden Key Promotions, Premium Pen, Keymarket Out and About and Regent Leather Goods. The benefit of those became evident when the group announced a trebling in pre-tax profits to £1.25m in the year to July 1987.

However, the dance studios themselves were left behind in the dash for expansion. They contributed a loss in each of the last three years; and now the company has decided that the original Pineapple business "does not sit comfortably within the enlarged group."

That much was expected; what was not so widely anticipated was that Debbie Moore would be leaving as well. Yesterday it was announced that she was resigning as chairman and was purchasing the original business together with the Pineapple name. In addition, the Manhattan building would be sold and the New York dance studio closed.

The announcement heralds not only the departure of the Pineapple name from the USM - Mr Bain is now searching for a new title for the group and wants to shift to the main market - but the disappearance of the one few chairwomen of a quoted company.

Ms Moore has not been unique among top business people in suffering intrusions into her private life but she may well feel relief at the opportunity to pursue her career away from the attention concomitant with a stock market quote. Nevertheless, the cuttings show how publicity, accompanied by photos of Debbie Moore herself, had helped make Pineapple such a sought-after new issue in the first place.

As was seen last year with the flotation of Tie Rack and Sock Shop, a simple idea which can be backed up by attractive visuals can be much more successful in pulling investors than a widget manufacturer in the West Midlands. But fashions can change - and nothing is less popular than yesterday's craze.

The recent bear market has emphasised how quickly corporate fortunes can fluctuate. The watchword for the moment, as Geoffrey Douglas of Hoare Govett spelt out in a recent circular is "quality, quality, quality."

The markets have now quietened sufficiently for new issues to reappear in something like their old numbers. This week, Pathfinders, a recruitment agency providing staff for the media-related industries, joined the USM; the same time saw the debut of Printech International, an Irish printing company; and Video Tape Recording, which provides post-production facilities for the TV commercial industry.

Mr John Banks, the managing director and finance director of Video Tape Recording, was sanguine about the prospects for the third tier. "I want to be one of the first companies to leap from the third to the main market" he said. "In fact, I wonder how much future there is for the USM". It will be interesting to see how many Third Market companies share his view.

Philip Coggan

And now for the big guns

EARTHSHAKERS, past, present and aspirant, dominate next week's list of pending results and progress reports. Some are obviously cyclical; others less so.

Trafalgar House, with its collection of property, construction, shipping and oil interests, has moved from stock market popularity to disdain twice in the past decade and seemed to be going up for a third time before Black Monday.

It reported flat profits a year ago and a drop of a quarter to £54.1m pre tax at the half-way mark last May, although it pointed out then that an underlying improvement was masked by the absence of investment profits this year.

However, analysts are expecting a resumption of earnings growth on Monday, led by property and backed strongly by the other divisions. There is a range of forecasts between £150m and 168m for the year against £146m in 1985-86, with hopes of a surge to £220m next year.

Results Due

GEC (interim, Tuesday) was a little ahead of Trafalgar House in the stock market recovery stakes. Before mid-year there was a strong party in favour of a fundamental re-rating after five years of underperformance in share price terms.

Its end-June decline of 5 per cent in pre-tax profits to £668m was soon overtaken by $455m of US takeovers, the £600m System X merger in UK telecommunications and other unmistakeable signs of Lord Weinstock going into high gear. Analysts are looking for a first half out-turn of between £290m and £320m before tax, against £275m at this time last year.

A latter-day giant for the stock markets, and an ogre for some, is Saatchi & Saatchi, the largest advertising agency grouping in the world. Saatchi doubled its half year profits in May after a 73 per cent jump in 1985-86, then spoiled it all by tentative, and rebuffed takeover approaches to Midland Bank and merchant bankers Hill Samuel in mid-September.

It has said since then that its ambitions in financial services are distinctly long term and aimed at fee-based services, interpreted as the high margin, advisory and consultancy aspects of banking.

This may do something for the shares, which had their own black days in September, a month ahead of the rest of the market. But they are not finding it easy to recover. Projections for the current year are being trimmed given that 50 per cent of the group's earnings come from the US. In the meantime, analysts are expecting £117m from next Wednesday's results, up from £70m in the previous year.

The same day brings interims from the Argyll Group. Argyll has had a hectic couple of years, losing the battle for Distillers in 1986, winning Safeway's UK supermarkets in January and then opting to take £90m of reorganisation costs asociated with the Safeway acquisition against pre-tax profits in the next four or five years.

The bulk of these charges are expected to hit this year. Excluding them, half year profits could be £70m to £77m out of an expected total of £170m to £178m before tax, rising to £215m before exceptionals next year.

Thursday's collection includes prelims from Hanson, not noted for losing its takeover bids. Hanson took the Imperial Group for £2.6bn last year, followed it up with the $1.7bn acquisition of Kidde in the US this year and was a rumoured contender for the Midland Bank in September before the market fell apart. It is expected to report pre-tax profits of £725m against a reported £464m for 1985/86.

Now, analysts are mulling over prospects for the US economy, in which Hanson is deeply involved. That could shade estimates for the current year, where the more conservative observers have revised their estimates down from £830m pre-tax to £780m.

Along with the movers and shakers a clutch of other big names in brewing, food and distribution will report figures next week. Allied-Lyons, which last year fought off a £1.8bn leveraged bid from the Australian Elders IXL, brewers of Fosters, is expected to lift its half year profits from £148m to £190m next Tuesday, while Bass, reporting full year results on Thursday, should rise from £310m to £355m before tax.

Polly Peck (results Tuesday) is expected to show staying power, rather than the mercurial image which has led to disappointment in the past. A rise from £70.4m pre-tax to between £80m and £83m is said to be on the cards. Maybe there are lessons to be learned from Christian Salvesen (interims Wednesday), plugging along now in food distribution and industrial services after a glorious century of whaling and some ill-starred diversification ventures in the 1960s and early 1970s.

Tate & Lyle's results on Thursday should give the market another chance to look at the disengagement from S & W Berisford, improving prospects for world sugar and longer term hopes for the artificial sweetener, sucralose. In the meantime, profits are expected to be up from £81.5m to £90m. before tax.

Other names in next week's list include interims from Calor, Norcros, Allied Colloids and Hogg Robinson on Tuesday, and from the 600 Group, the Royal Bank of Scotland and Johnson Matthey on Thursday.

William Cochrane

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 27%	45%	60%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawals (days)
CLEARING BANK*								
Deposit account	3.00	3.04	2.29	1.67	monthly	1	-	0-7
High interest cheque	5.00	5.12	3.77	2.74	monthly	1	1,000-4,999	0
High interest cheque	5.60	5.75	4.22	3.07	monthly	1	5,000-9,999	0
High interest cheque	6.00	6.17	4.52	3.29	monthly	1	10,000-49,999	0
High interest cheque	6.40	6.59	4.82	3.51	monthly	1	50,000 minimum	0
BUILDING SOCIETY†								
Ordinary share	5.00	5.06	3.81	2.77	half-yearly	1	1-250,000	0
High interest access	6.75	6.75	5.09	3.70	yearly	1	500 minimum	0
High interest access	7.00	7.00	5.27	3.84	yearly	1	2,000 minimum	0
High interest access	7.50	7.50	5.65	4.11	yearly	1	5,000 minimum	0
High interest access	7.75	7.75	5.84	4.25	yearly	1	10,000 minimum	0
90-day	7.75	7.90	5.95	4.33	half yearly	1	500-9,999	90
90-day	8.00	8.16	6.15	4.47	half yearly	1	10,000-24,999	90
90-day	8.25	8.42	6.34	4.61	half yearly	1	25,000 minimum	90
NATIONAL SAVINGS								
Investment account	10.00	7.30	5.50	4.00	yearly	2	5-100,000	30
Income bonds	10.50	8.04	6.06	4.41	monthly	2	2,000-100,000	90
Deposit bond	10.50	7.67	5.78	4.20	yearly	2	100-100,000	90
33rd issueΦ	7.00	7.00	7.00	7.00	not applica	3	25-1,000	8
Yearly plan	7.00	7.00	7.00	7.00	not applica	3	20-200/month	14
General extension	6.51	6.51	6.51	6.51	not applic.	3		8
MONEY MARKET ACCOUNTS								
Schroder Wagg	6.21	6.39	4.81	3.50	monthly	1	2,500 minimum	0
Provincial Trust	6.77	6.98	5.26	3.83	monthly	1	1,000 minimum	0
BRITISH GOVERNMENT STOCK§								
5pc Treasury 1986-89	7.50	6.11	5.19	4.42	half yearly	4	-	0
8pc Treasury 1992	8.82	6.62	5.15	3.93	half yearly	4	-	0
10.25pc Exchequer 1995	9.30	6.62	4.83	3.34	half yearly	4	-	0
3pc Treasury 1990	6.67	5.81	5.24	4.77	half yearly	4	-	0
3pc Treasury 1992	6.95	6.06	5.46	4.97	half yearly	4	-	0
Index-linked 2pc¶	7.17	6.62	6.26	5.95	half yearly	2/4	-	0

*Lloyds Bank.†Halifax 90-day; immediate access for balances over £5,000.Φ Special facility for extra £5,000 §Source:Phillips and Drew. ¶Assumes 4.5 per cent inflation rate. 1 Paid after deduction of composite rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

RIGHTS ISSUES

Applied Holographics is to raise £8.2m via a one-for-four rights issue at 300p.

Bio Isolates is to raise £650,000 via a two-for-nine rights issue.

North Sea Assets is to raise £4.8m via a two-for-one rights issue at 20p.

OFFERS FOR SALE, PLACINGS AND INTRODUCTIONS

BOS Group plans to join the USM next year.

Mayne Nickless is obtaining a listing on the London Stock Exchange via an introduction.

Pathfinders is joining the Usm via a placing.

Printech International is to be floted on the USM.

Video Tape Recording is joining the Third Market in a placing.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m**	Bidder
	Prices in in pence unless otherwise indicated				
Allebone & Son	120*	116	97	34.88	Charterhall
Bunzl (C.D.)‡	646.66†	455	548	87.09	Avis Europe
Brit. Caledonian	721	-	-	147.00	Brit. Airways
Brown (M.)‡	669§	645	715	165.54	Scot & Newcastle
Elect. Rentals	85	78	55	246.78	Granada
Equity & Law‡	455.6	445	350	457.42	C'pagnie du Midi
ERIC	405*	380	300	14.00	TR Energy Res.
Eucalyptus Pulp	560§	550	425	104.27	Ibstock Johnsen
Hill Samuel‡	810*	800	684	777.00	TSB
Intl. Signal‡	144	139	219	245.89	Ferranti
M.K. Electric	550*§	590	550	206.49	RTZ
McLeod Russel	405§	379	385	48.29	Kennedy Smale
Ratcliffe Inds.	105	113	138	8.53	Utd. Spring
Samuelson‡	180†	178	137	38.97	Eagle Trust
Storehouse	280	253	349	1.12bn.	Benlox
Ted	260*§	256	220	29.64	Beazer (C.H.)
Whouse& Rix‡	109.33†	86	91	13.08	J'son & Firth B

*All cash offer.†Cash alternative. ♦ Partial bid. §For capital not already held. ‡ Unconditional. **Based on 2.30 pm prices 27/11/87. At suspen sion. Shares and cash. ♦Releated to NAV to be determined. ¶Loan stock. ‡Suspende

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Anglo Irish Bank	Sept	1,290	(505)	3.2	(2.9)	3.2	(3.2)
Camotech	Aug	293	(379)	-	(-)	2.1	(0.3)
Carroll Inds	Sept	7,730	(13,030)	10	(15)	7.8	(7.5)
Chrysalis	June	7,260	(5,310)	17.1	(12.1)	7.0	(5.6)
Cosalt	Aug	1,770	(1,080)	13.4	(8.21)	4.5	(3.5)
Diploma	Oct	15,400	(11,858)	16.7	(13.1)	6.0	(5.2)
Greenall Whit	Sept	39,190	(35,330)	19.6	(18.8)	6.0	(5.5)
Humberside Elec	June	17	(350L)	0.1	(1.6)	-	(-)
Kwik Save	Aug	46,600	(41,750)	-	(-)	-	(-)
Mcleod Russell	Sept	9,120	(10,490)	-	(-)	7.0	(6.2)
MEPC	Sept	80,200	(58,400)	19.2	(16.3)	13.0	(11.5)
Morland &Co	Sept	3,800	(2,810)	35.3	(23.6)	7.9	(7.0)
Redpath Ind	Sept	25,400	(22,350)	-	(-)	-	(-)
TMD	Aug	885	(702)	10.2	(7.6)	2.4	(2.0)
TSB Channel	Oct	6,100	(5,500)	-	(-)	5.4	(4.8)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Alphameric	Sept	806	(1,730)	1.0	(0.7)
Authority Invest	Oct	1,380	(446)	2.5	(-)
BAA	Sept	136,000	(100,640)	3.0	(-)
Bassett Foods	Oct	2,120	(1,830)	2.1	(1.9)
BAT Industries	Sept	1,02bn	(86,000)	-	(-)
BET	Sept	92,100	(41,445)	3.0	(2.5)
BPB Industries	Sept	90,900	(69,300)	3.0	(2.2)
British Telecomm	Sept	1.12bn	(1.0bn)	3.7	(3.3)
Cable & Wireless	Sept	165,000	(160,000)	2.3	(2.0)
Cambridge Inst	Sept	2,770	(2,610)	0.22	(0.2)
CCA Galleries	June	203	(229)	0.9	(0.8)
Century Oils	Sept	2,800	(2,440)	1.7	(1.6)
Chamberlain Phipps	Sept	3,370	(2,410)	1.4	(1.2)
Chancery Sec	Sept	1,620	(1,040)	1.8	(1.1)
Chase Property	Sept	9,500	(5,900)	1.2	(0.5)
Courtaulds	Sept	102,200	(76,650)	2.7	(-)
Cropper James	Sept	1,080	(952)	0.6	(0.1)
Crown Eyeglass	Sept	78	(9)	-	(-)
Culleus	Aug	2,600L	(883 L)	-	(-)
Dawson Int'l	Sept	19,000	(15,010)	2.4	(2.1)
DDT Group	Sept	111	(353)	-	(-)
Delmar Group	Sept	161	(151)	-	(-)
Downiebrae	June	12	(97)	-	(-)
Edbro	Sept	900	(1,100)	2.5	(2.5)
EMAP	Oct	8,450	(5,600)	1.1	(0.9)
Erskine House	Sept	45,960	(33,000)	1.6	(1.2)
Fairbriar	Sept	2,300	(1,500)	1.8	(1.4)
FKI Babcock	Oct	13,300	(4,500)	0.6	(0.4)
Glamar Group	Sept	514	(395)	-	(-)
Hambros	Sept	36,600	(25,100)	3.0	(2.4)
Headlam,Sims & Coggins	July	103	(21)	-	(-)
Hewetsons	Sept	348	(236)	1.0	(-)
Hill Ergonom	Sept	156	(526)	0.7	(0.7)
Hogg Robinson	Sept	8,070	(5,330)	1.8	(-)
Hughes Foods	Sept	2,010	(1,020)	-	(-)
Huntingdon Int'l	Sept	8,930	(5,358)	-	(-)
Imry Int'l	Sept	2,840	(559 L)	2.5	(3.7)
Kennedy Smale	Sept	682	(543)	2.2	(-)
Magnet	Sept	25,040	(19,780)	2.5	(2.2)
Marshalls Halifax	Sept	7,100	(5,510)	2.0	(1.7)
Marston Thompson	Sept	6,620	(5,870)	0.9	(0.8)
Mercury Asset	Sept	23,900	(7,600)	3.0	(-)
Monks Inv Tst	Oct	2,430	(1,798)	1.2	(1.1)
Moorgate Mercan	Sept	1,200	(851)	0.9	(0.6)
Parkland Textile	Sept	1,140	(523)	1.6	(1.8)
Penny & Giles	Sept	799	(581)	0.9	(0.8)
Personal Assets Tst	Oct	135	(64)	-	(-)
Powell Duffryn	Sept	11,540	(10,530)	5.2	(4.7)
Powerscreen	Sept	6,950	(3,880)	-	(-)
Property Ptnerships	Sept	846	(715)	1.7	(1.5)
Readicut Int'l	Sept	5,200	(1,400)	0.4	(0.2)
Redland	Sept	75,300	(55,600)	5.0	(4.3)
Rexmore	Oct	676	(398)	0.5	(0.4)
Rothmans Int	Sept	140,000	(73,800)	3.0	(2.5)
Sedgwick	Sept	93,200	(113,200)	-	(-)
Sekers Int'l	Sept	848722	(722)	1.0	(0.9)
Transcon Serv	Sept	6,640	(32)	3.6	(3.6)
Tricentrol	Sept	2,100L	(5,800L)	-	(-)
Vibroplant	Sept	3,780	(2,150)	4.2	(3.5)
Walker & Staff	Sept	128	(147)	-	(-)
Warburg SG	Sept	76,800	(38,100)	3.5	(3.0)
York Trust	Sept	3,250	(819)	0.4	(-)
Youghal Carpets	June	82	(52)	-	(-)

(Figures in parentheses are for the corresponding period.)

*Dividends are shown net pence per share, except where otherwise indicated. L = loss. third quarter figures.

RESULTS DUE

Company	Announcement due	Dividend (p)* Last year Int.	Final	This year Int.
FINAL DIVIDENDS				
Anglia Secure Homes	Wednesday	-	-	-
Bass	Thursday	4.2	12.8	4.8
Berry Trust	Tuesday	-	1.1	-
Circaprint	Monday	-	1.3	-
City site Estates	Wednesday	0.4	0.5	0.5
Dundee & London Inv Tst	Tuesday	2.2	3.8	2.4
Fairline Boats	Thursday	2.0	4.0	3.0
Hanson Trust	Thursday	1.0	3.0	1.4
Kynoch G&G	Monday	0.5	2.5	1.0
Leeds Group	Tuesday	3.3	2.2	4.0
Polly Peck	Tuesday	1.2	4.3	1.7
RHP Group	Thursday	1.9	3.1	2.2
Saatchi & Saatchi	Wednesday	7.3	6.6	6.4
Tate & Lyle	Thursday	8.0	15.0	9.0
Trafalgar House	Monday	6.2	7.0	6.5
Tunstall Group	Thursday	0.6	1.7	1.0
INTERIM DIVIDENDS				
Alexon Group	Monday	2.0	4.0	-
Allied Colloids	Tuesday	0.7	1.8	-
Allied Lyons	Tuesday	3.9	7.5	-
American Business Systems	Monday	-	-	-
Anglo United	Wednesday	0.3	0.4	-
Argyll Group	Wednesday	1.5	3.0	-
Asprey	Thursday	1.2	2.8	-
Atkins Bros	Tuesday	2.2	5.8	-
Birmingham Mint	Tuesday	2.5	4.2	-
Calor Group	Tuesday	-	-	-
Cape Industries	Tuesday	1.0	2.5	-
Caradon	Monday	-	-	-
Carless, Capel, & Leonard	Thursday	1.0	1.7	-
Castings	Thursday	1.0	2.7	-
Coalite Group	Thursday	2.2	6.5	-
Drummond Group	Tuesday	0.8	1.7	-
Fashion & General	Tuesday	10.0	14.3	-
Freshbake Foods	Thursday	0.7	1.8	-
General Electric Co	Tuesday	1.5	3.8	-
Hogg Rob. & Gdnr Mountain	Tuesday	5.2	5.0	-
Hunter Saphir	Thursday	-	-	-
Illingworth Morris	Tuesday	1.2	2.7	-
Irish Wire Products	Thursday	-	-	-
Jarvis Porter	Thursday	1.3	2.3	-
Johnson Matthey	Thursday	2.0	3.5	-
Logitek	Tuesday	-	1.3	-
London Securities	Monday	-	-	-
Lyons Irish Holdings	Tuesday	3.2	5.8	-
Marling Inds	Thursday	1.0	0.8	-
Millward Brown	Tuesday	1.2	1.7	-
Monks & Crane	Tuesday	1.1	2.0	-
Morris Wm Fine Arts	Monday	-	-	-
Mountview Estates	Wednesday	1.0	5.0	-
Norcros	Tuesday	3.0	9.0	-
Northern Securities Tst	Tuesday	0.7	2.0	-
Office & Electronic Machs	Monday	3.0	5.5	-
Priest Marians	Friday	-	1.5	-
Prontaprint	Tuesday	1.0	-	-
Rolfe & Nolan Comp Svs	Friday	1.0	2.0	-
Rowlinson Securities	Wednesday	0.2	0.8	-
Royal Bank of Scotland	Thursday	5.8	4.6	-
600 Group	Thursday	2.3	3.4	-
Salvesen Christian	Wednesday	1.4	2.2	-
Scapa Group	Thursday	2.1	4.7	-
Sheraton Secs Int'l	Monday	0.4	0.7	-
Tiphook	Friday	1.4	2.9	-
Toothill R W	Thursday	3.5	5.2	-
Unilock Hldgs	Monday	-	-	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue.

• MARKETS

Focus of attention shifts to G7 meeting

ALL THE signs point to an early Christmas. There are, admittedly, three and a half weeks to go in trading terms, but already there is a positive winding down mood in the air. You have only to look at the thin trading volumes in the main markets this week to see that we may all face a rather long holiday.

This past week has been something of a trial run. Monday was a holiday in Japan, so London had to open without its usual guidance from the East; Thanksgiving Thursday was (as usual) snowballed into a long weekend, and these days marketmakers are not inclined to take positions without overnight guidance from Wall Street. Broadly static indices over the week was the inevitable cautious outcome.

The week opened with reflections on the US deficit-cutting package, but no one seemed too sure how it was all going to work out, or if it would.

Generalisations apart, which particular tax would be raised, and where are the precise spending cuts? Would the Congress actually approve the package and, if not, what then ? Back to Gramm-Rudman and the £23bn across-the-board cuts?

Yet despite the many questions, the prevailing mood in most markets was one of relief; at least the White House and the Congress had agreed on something, albeit not a great deal, but there was just a sniff of creative accountancy in the air. Still, the financial markets had waited for some five weeks since the Black Monday crash on October 19, and something was better than nothing.

Yet markets and marketmakers can be perverse, and generally

World Markets

dislike being entirely worry-free. They always need something to focus on and, post the long-delayed Washington package, the focus shifted to the expected meeting of the G7 finance ministers. When would they meet and to what effect.

The Gramm-Rudman legislative deadline of mid-December seemed to rule out an early G7 caucus, since few if any of the ministers are prepared to meet in earnest until they know that the US Congress would approve the Washington package.

Mr Nigel Lawson, the Chancellor, joined his American, West German and Japanese colleagues in stressing that a meeting would make no sense until America was seen to be making a start to putting its own house in order.

But there was something of a pre-emptive strike on Tuesday which brought momentary cheer to the markets. Concerted Franco-German action - with the Dutch also in tow - to lower interest rates firmed the dollar, but not for long. News on the same day of a 4.1 per cent increase in US third quarter GNP, although much in line with expectations, was another steadying factor, but again not for long.

While the West Germans may (reluctantly) have been trying to give a small nudge to the dollar, the French and Dutch response was seen on reflection to have more to do with internal difficulties within the EMS.

Significantly, neither the Japanese nor the British moved on interest rate cuts; indeed, Mr Lawson told the British House of Commons on Thursday that "at the present time I do not think any reduction (in interest rates) is appropriate."

It all amounted to a holding pattern. Individual investors in the main (there was inevitably the odd bull about, especially on Wall Street mid-week) stayed out of the markets this week.

The occasional rally produced a crop of sellers, but marketmakers' spreads remained wide and claims of liquidity in the principal markets of Tokyo, Wall Street and London remained just that: in the real trading world these difficult days, liquidity is more a claim than a reality and all but blue chip shares failed to find a two-way trading environment, and it has not always been there even for the blue chip issues.

FT-ACTUARIES WORLD INDICES

Country	% Change from Jan. 2	US $ % change since Oct 16
Australia	-1.3	-39.0
Austria	-7.4	-9.4
Belgium	+4.3	-14.5
Canada	+5.9	-15.9
Denmark	+11.7	-7.7
France	-12.2	-14.4
W Germany	-23.1	-22.0
Hong Kong	-14.6	-43.4
Ireland	+3.3	-32.5
Italy	-20.7	-16.9
Japan	+41.3	-4.4
Malaysia	-2.7	-32.9
Mexico	+32.9	-62.4
Netherlands	-4.7	-9.7
New Zealand	-19.7	-15.0
Norway	+3.9	-37.7
Singapore	-3.3	-32.1
S Africa	+36.9	-28.9
Spain	+16.3	-26.0
Sweden	-1.0	-42.7
Switzerland	-17.7	-42.7
UK	+20.5	-15.7
USA	-2.2	+7.1

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Yet if the underlying mood has been the same, not all of the main markets have acted similarly. Japan is no longer defying gravity, but this week the main Nikkei index has been generally upwards, closing on the week some 2.5 per cent higher at 23,268.62. This reflected - and of course also influenced - a broadly similar rise over the week in the FT-Actuaries World Index.

For all that, foreign investors have been getting out of Tokyo as fast as they could since Black Monday, and there are few signs that the Japanese markets have been holding up on the strength of individual Japanese investors. Brokerage houses have certainly been supporting the market, apparently buying in for their own account, but this can only be a short-term process.

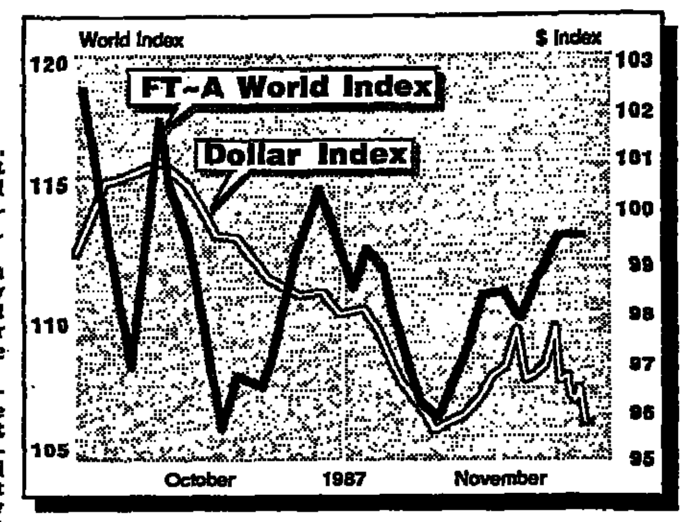
The second block offer of Nippon Telegraph and Telephone is successfully out of the way, but yesterday brought confirmation that the Japanese Government is to sell its remaining 34.5 per cent (48.1m shares) in the Japan Air-line Company (JAL) - at a 3.5 per cent discount on the share price on December 14.

The shares will be listed for trading on Christmas Eve, another squeeze on liquidity, yet for all that Japanese bulls will point to the fact that Tokyo traditionally has its year end rally. This time, too ?

Wall Street certainly has been marking time. A feeble three-day rally faltered on Wednesday, and yesterday's opening after Thanksgiving Day was negative in miniscule early volume.

Frontline stocks have recovered 10 per cent and more since the crash, but writers of market newsletters are almost universally pessimistic. Tarnished prophet Robert Prechter did not see his forecast of the Dow industrial average peaking at around 3,600, but earlier this week he sounded like a reformed preacher, foreshadowing a market gloom and doom in which everyone sensible should run to cash. "A bear market is a bull market in cash" is the new Prechter sermon.

The London story has been more of the same. Some analysts' forecast of a Footsie at or over 1900 by year end looked more than a shade rash this week when the FT-100 struggled to hold around the mid-1650/1675 level, yet forecasts from Warburg Securities yesterday looked to a 10 per cent gain in the All-Share index to 925 by the end of next month, and with another 125



index points in the first half of 1988.

Elsewhere, there have been few anomalies - Mexico apart, where in a single day the stock exchange rose by more than 26 per cent in a flight to dubious quality after a collapse of the free market peso/US dollar exchange rate.

Continental Europe, where changed during the week, was fractionally lower, with international investors selling into any tentative rally and then finding little or no liquidity.

Australia managed a minor mid-week rally on higher bullion prices and some easing of concern over cash flow problems of a number of leading companies.

Yet nothing very much had changed over the week: it ended just as it began, with worries over the US currency. Friday opened in London with another record of recent times - the dollar fell to $1.80 plus against sterling, its lowest rate for more than five years.

Despite marginal Bank of Japan intervention, it was much the same story against the yen. Moreover, it is now touch and go whether Santa Claus might not get in ahead of the next G7 meeting!

Dominick Coyle

Conflict between equity and bonds

AS EVERY schoolboy knows, "Wall Street" is not a single, monolithic market. The point is so obvious that it is easily forgotten. But there are times when it is vitally important to remember that all the financial markets do not see the outside world through the same telescope.

Never has this trivial observation been more relevant than it is today. The point is not that Wall Street consists of thousands of investment firms and millions of individual traders, all with their own particular attitudes to risks and rewards and different perspectives on the future. In this age of computer programme trading, twenty-year-olds running billion dollar portfolios and thirty-year-olds posing as investment "gurus," the herd instinct is a stronger force in the financial markets than it has ever been before.

However, even if unreasoning herds of bulls and bears rule all the financial markets, each market can provide a habitat for its own particular species of these wild and gregarious creatures. While everybody recognises in theory that the interaction between the bond and equity markets is profound and all-embracing, in practice they operate in two quite separate worlds.

In the typical Wall Street skyscraper, the equity and bond trading floors are separated by several storeys, sometimes not even linked by the same elevators. At times this can allow the

Wall Street

two markets to charge off in opposite directions, based on mutually contradictory expectations about the economy. When that happens something eventually has to give.

Tension of this kind marked the long prelude to the October crash. When bond prices collapsed in March and April this year, it became apparent that at least half of Wall Street did not share equity investors' faith that the US and world economy had entered a golden age of never ending non-inflationary growth. In the aftermath of Black Monday, however, a far more serious contradiction began to emerge. The collapse of stock prices led immediately to one of the biggest rallies the bond market had ever seen.

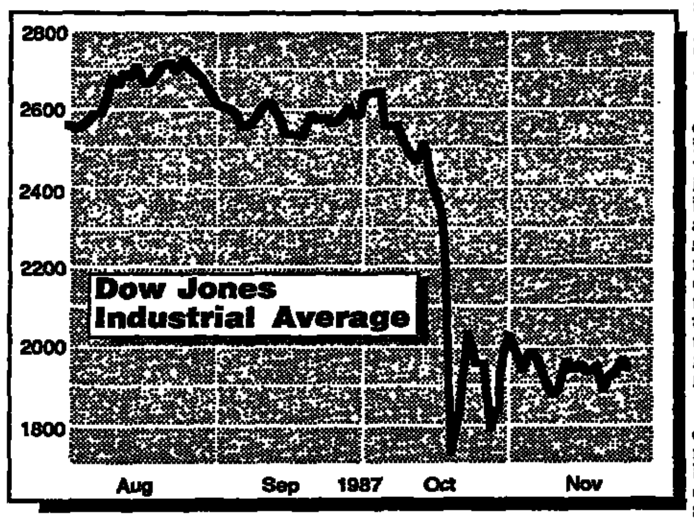
The reason was that for a few days after the stockmarket collapse everybody began to believe that a recession was now likely to begin within the next six to nine months. That recession could possibly be avoided, ran conventional wisdom, but only if the Fed pumped money into the economy without restraint.

The risks of this were viewed as minimal, because the crash was such a powerful deflationary force there was now no serious danger of faster inflation next year. While that view prevailed, it was possible to believe that there was little risk of a further collapse in the stockmarket from the trading range of 1800 to 2100 it established over the last month. Even after the crash, price-earnings ratios in the 12 to 17 range assumed further advances in corporate profits. But the sharp drop in long-term interest rates, the falling dollar and easy money policies from the Fed seemed to provide adequate guarantees that profits would continue growing, with no risk of a serious recession for at least another year.

With fears of inflation effectively scotched, equity investors persuaded themselves that looser monetary policy and a lower dollar would almost certainly succeed in averting a recession and provide underpinning for stock prices.

It was on that premise that the market succeeded in regaining its composure and establishing its current trading range of 1800 to 2000 on the Dow Jones Industrial Average. This range, which implied price-earnings ratios in the 12 to 17 range, still assumed advances in corporate profits next year. But with long-term interest rates falling towards the 8 per cent mark and in the absence of a serious recession, this level seemed reasonable enough, provided the Fed's easy money policies were maintained.

Over the last two weeks, however, a major flaw in this analysis has emerged. The bond market did not share the stock market's assumption about



avoiding a recession. In pushing long-term interest rates as low as 8.45 per cent at the beginning of this month, the bond market was signalling expectations that the stockmarket collapse would cause a major slowdown in the US economy. As the first tentative indicators of economic activity since the crash have been published, bond investors have begun to realise that the US economy is stronger than they expected.

To make matters worse, politicians in Washington have dashed the bond market's hopes of giving the economy a further shove towards deflation with a big cut in the budget deficit. The upshot has been a major setback in the bond market, with long-term interest rates pushing above the 9 per cent barrier on Tuesday this week and continuing to rise steadily since then.

The consequences of this for equities are ominous. Bond investors are again beginning to worry about inflation - and soaring commodity prices, especially in dollar terms, are adding to the alarm. Some bond investors are starting to fear even a mild recession might not be enough to check the inflationary excesses that have been building up in the US economy as a result of the unchecked growth of government, corporate and private borrowing in the last seven years.

The stock market, by contrast, expects a mild recession at worst next year and is gradually becoming convinced that no downturn is likely. The danger is that if the stockmarket's expectations of continuing growth next year look like being realised, the bond market will fall considerably further.

Mr David Hale of Kemper Financial Services recently suggested that bond yields would probably be rising to around 11 per cent, if it were not for the expectations of recession engendered by the crash. At the least such a rise in interest rates would remove one of the underpinnings supporting the present trading range in the stockmarket.

On their own, higher interest rates might not be sufficient to induce the possible recession which the stockmarket has begun to forget about. But income from stocks would once again begin to look unattractive relative to returns on bonds. What is more serious is the possibility that the bond market's forecasts about the strength of the US economy might be wrong.

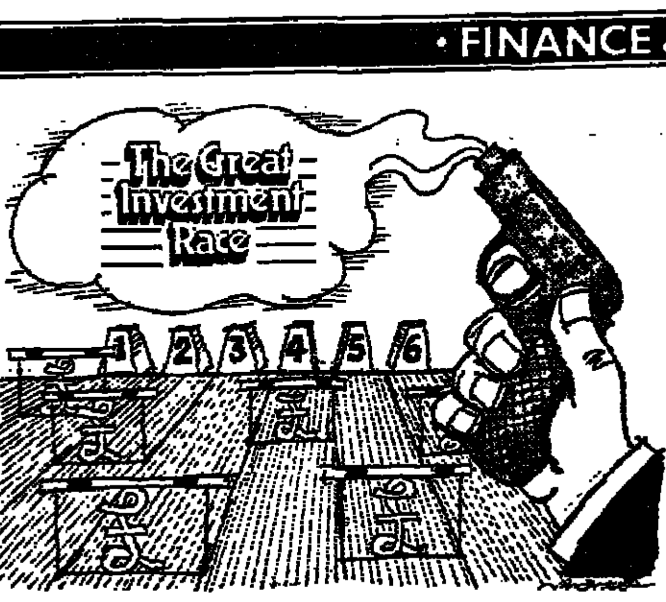
By over-reacting to the indications of robust growth which may continue for the next few months, and forgetting about the inevitable lags between the stock market crash and its deflationary consequences, bond investors could paralyse the Fed in its attempts to keep growth going and turn initial expectations of a recession into reality - a reality very few equity investors are yet prepared for.

Monday	1923.08	+ 9.45
Tuesday	1963.53	+ 40.45
Wednesday	1946.95	
Thursday	closed	
Friday		

Anatole Kaletsky

Fiona Thompson asks who would have won during the crash

The race that beat the bears



"A VERY *difficult question*," said Allan Henderson of Edinburgh stockbrokers Bell Lawrie, which, with its £14,098 profit, bore the ignominy of coming bottom in last year's Holborn Great Investment Race, where six teams of fund managers competed to raise money for charity.

The query was: What would you have done had the race still been underway when the world stock markets crashed?

As it was, the year-long race ran through a roaring bull market and raised £779,856, each team investing a portfolio initially worth £35,000. The contest ended on September 23, just 25 days short of Black Monday, October 19.

The Bell Lawrie team had managed its race portfolio as it would for a private client wanting high growth: pursuing a cautious policy of investment in UK equities. It suffered when, midway, it sold some shares to chance its luck in the traded options market, with no great success.

"If the race had been, say, two weeks short of the finish, we would have sold the lot and placed the cash on deposit. Any*thing else would just have* been gambling," said Henderson. "If there were two months to go, we would have considered going back into quality equities - such as Cannon Street, Argyle Group, Beecham Group, Scottish & Newcastle Breweries, Racal - with convertibles as a slight hedge."

- Fidelity, the fund management group, came second in the race, making £210,346, with its tactic of opportunistic investment in equities, mainly in the Far East. After quadrupling the value of its portfolio by the half way stage, it adopted a more conservative approach for the second *half*.

"By then, we just wanted to hang on to the money made," said Anthony Bolton, "and this would have been our position in the crash. Our policy throughout had been to keep most of our portfolio in cash - so we could take advantage of opportunities - and by the final fortnight we had only 20 per cent in stocks.

"On the Monday and Tuesday of the crash we probably wouldn't have done anything, just watched. Then I like to think we would have closed up shop and sold into cash. The sums achieved were so big, relative to what we'd started with, that we felt preserving the money for charity was vital."

Messel, the London broking house which is part of the Shearson Lehman group, would also have adopted a wait and see approach in the early days of the crash, according to David Hunter.

"When you have a shock, you must let the dust settle. We would not have done anything for two weeks, at least until the BP issue was settled. We were already fairly liquid anyway."

Messel came fourth in the race, *earning £48,586, with a portfolio* split between equities and financial futures. Overall, it prospered in futures, though it did misjudge the pound in the summer.

"If the race was still on, we would be buying Australian and Canadian gold shares, which are now very cheap. I think the disharmony between central bankers is such that they will have to return to the gold standard."

Peter Clark at London stockbrokers Hoare Govett is adament about what his team would have done. "If the race had just had two weeks left to run, we would have sold everything on the day the market crashed and put it on deposit. We wouldn't have tried *to be clever and hold*, we wouldn't have waited for a bounce.


Trevor Pullen: sell and buy back

Hoare came third with £143,502. After a slow start it surged in the second half with highly speculative equity investments, particularly in small UK property companies and the secondary market *in Australia*.

"We didn't hold that many stocks by the closing stages," said Clark, but said that if the end of the race had still been some way off when the market crashed, "we would have trimmed our portfolio and bought some 'put' options as an insurance policy."

Kenichi Fukuhara at Nomura, the *largest securities house in* Japan, invested only in blue chip equities in the Tokyo stock market during the race, producing £17,095. He says had the crash happened mid-race he would not have sold any of his equities, which were mainly electrical utilities and steel stocks.

His cash position was quite high, about 40 per cent, towards the end of the race and Fukuhara says he would have used some of this buying stocks with a high foreign (non-Japanese) ownership, such as Yamanouchi Pharmaceuticals or Itoyokado, a retail stock.

Trevor Pullen of Prudential Portfolio Managers, the soaraway winners whose speedy dealing in futures and speculative equities trading yielded £346,229, said his team would not have sold its equities if the race finish were two weeks off.

"But, if it were longer, weakness in price would have forced us to liquidate." However, this itself could have brought problems. "We would have tried to liquidate, but some of the stocks we were in were so thin that we would have been caught."

However, the team's mastery *of the futures market would* have allowed it to hedge out the market risk, says Pullen. "We would have used our expertise to sell and then buy back."

The starting date of the new Great Investment Race, and the accompanying FT Readers' Race, will be announced shortly.

Cheaper home loans

CHELTENHAM & Gloucester Building Society threw a new figure into the mortgage melting pot this week by decid*ing to cut its home loan rate by* 1.25 to 10 per cent. This is the lowest figure announced by any building society in the current round of home loan reductions.

However, Cheltenham & Gloucester has delayed implementing the new rate for both new and existing borrowers until January 4.
other mortgages are being cut from December 1.

Last week Abbey National reduced its rate to 10.1 per cent, but several other building societies are following the Halifax lead in going down to 10.3 *per cent. Nationwide Anglia*, the third biggest society, Bradford & Bingley, Cheshire and Town & Country have all plumped for 10.3. However, Bristol & West, Britannia and National & Provincial have moved to 10.25 per cent, so it may be some time before a com*mon standard mortgage rate* emerges.

The United Bank of Kuwait has reduced its variable home loan rate to 10 per cent and its Libor (London Interbank Offered Rate) mortgage is likely to be even cheaper when it is next fixed on January 1.

Cannon Lincoln and London & Manchester have both cut their rates to 10.2 per cent, but the most competitive so far remains Sumitomo Bank at 9.9 and the Mortgage Corporation at 9.95 per cent. Allied Dunbar Homeloans are all down by one per cent and you can now secure an interest-only mortgage of over £75,000 at a rate of only 9.75 per cent.

Meanwhile the bad news is that both Abbey National and the Halifax have moved swiftly to cut the rates paid on investments.

John Edwards

Eric Short looks at post-crash mortgage options

Fixed rate revival

WHEN I took out my first mortgage nearly 30 years ago from a life company, the interest rate was fixed throughout the term of the mortgage and I had the choice of repaying the mortgage by either a non-profit endowment or a full with profits contract.

However, during the intervening period, the low cost endowment has not only appeared on the scene, but has taken over the traditional endowment mortgage market. Rising interest rates brought to an end the fixed rate throughout the term.

For the uninitiated, a non-profit endowment is one where the life company guarantees to pay a fixed sum at maturity or earlier death, but the policy holder receives no share whatever *in the investment and other* profits of the life company.

Mortgage arrangements such as this were, I thought, as dead as the Dodo. But I was wrong.

This week I received a press release from Wait-Martin, a financial planning firm based in Kingston, Surrey, offering a *new* risk-free endowment mortgage - a scheme that was exactly the type of my first mortgage.

Subsequent inquiries showed that fixed rate mortgages, repaid by non-profit endowments, have been available for certain sources throughout the years, though keeping a very low profile.

However, the recent stock market collapse has brought the concept out into the open. Housebuyers *using the endowment* mortgage method have panicked over the possibility of their contract not being able to repay the mortgage.

A recent article in these columns showed that such fears were very much premature. But according to Michael Martin, a partner of Wait-Martin, some housebuyers are seeking complete guarantees from their endowment contract and are attracted to the idea of an interest rate fixed throughout the term of the mortgage.

Eagle Star Group is one source of such endowment mortgages. Currently, its fixed rate is 10 per cent, not competitive in current conditions when variable rates are getting down to this level and likely to fall further.

With interest and mortgage rates tending downwards, the cost of such mortgages looks unattractive compared with with-profit low-cost endowments and the normal repayment. But the rate, which is determined by long-term gilt rates, is under review.

However, for housebuyers looking for ultimate security, the price to be paid is illustrated in the accompanying table.

NET MONTHLY PAYMENTS FOR A BASIC RATE TAXPAYER AGED 34, £30,000 MORTGAGE, OVER 25 YEARS AT 10%

	Non-Profit Endowment £	Low Cost Endowment £		Repayment mortgage £
Interest payments	182.50	182.50	Interest & Capital	220.36
Endowment premium	68.50	37.60	Life cover premium	8.28
Total Cost	251.00	220.10	Total Cost	228.64

At 11¼ per cent interest, the low cost monthly payment would be £242.91 and the monthly repayment cost £246.74.

Source: Eagle Star.

Back to bonds

The stock market crash is likely to change UK investors' attitudes to bonds, reports John Edwards

SUDDENLY, surprise surprise, bonds are back in favour. This week, two groups who were in the forefront of selling equity-based unit trusts to the public have decided that, perhaps, bonds are a more appropriate vehicle now for your money.

Barry Bateman, managing director of Fidelity, which is launching an International Bond Trust today, forecasts that after *the stock market crash investors'* attitudes will change towards bonds. He notes that in the US, bonds represented some 35 per cent (pre-crash) of private investors' portfolios, whereas in Britain the percentage was only 3 per cent.

He adds that the possibility of a *slowdown in world growth*, falling interest rates and low global inflation make bonds an "increasingly attractive proposition."

Estimated starting yield of the new trust will be around 7 per cent gross, which Fidelity claims provides an alternative to building society higher interest accounts. However, the initial charge of 5.25 per cent, plus annual fees of one per cent, is high for a bond fund, which in any event is not tax efficient for a UK authorised trust. The unfranked income, which is subject to corporation tax, cannot be passed in the same way as it is with franked income, such as equity dividends.

Prudential Holborn is adopting a different approach. It is launching two new managed, single premium investment bonds which until the crash were considered to be inferior to unit trusts because of the tax liability.

Now the attitude has changed in view of the advantages of *managed bonds in being able to* invest in non-equity vehicles as well such as property, fixed interest securities and cash.

The Pru's two funds, Holborn Strategic Growth and Holborn Balanced Growth, will offer a choice of investment styles. The Strategic fund will adopt an *aggressive approach and there*fore be more risky, while the Balanced Fund will be more conservative.

Minimum investment in either bond is a hefty £2,500. Applications before January 8 will qualify for a 3.5 per cent bonus allocation of extra units, dropping to 2.5 per cent until the offer period ends on January 29.

IN THE NEWS

Canadian venture

THE WORLDWIDE stock market crash brought marketing operations in the unit trust industry to a shuddering halt. It takes a brave marketing manager to launch a new trust under present conditions.

However, the Canadian Imperial Bank of Commerce is not just launching a new fund on Monday - a UK Growth Fund. It is entering the authorised unit trust market for the first time.

CIBC is no stranger to the UK investment scene or even collective investments. With its acqui*sition last year of stockbrokers* Grenfell & Colegrave, CIBC Investment Management now has more than 5,000 clients - private individuals, charities and pension funds - and an established investment reputation and record.

Now it is extending its invest*ment operations into the field of* unit trusts to meet the demands of the smaller investor, with the formation of a new company CIBC Unit Trust Managers.

Trevor Cooke, managing director of CIBC Investment Management, considers that the timing is right. Indeed, the launch has been planned for some time, but it was felt that markets were too high.

Now says Trevor Cooke, the October correction makes the launch much more attractive in terms of market value.

The first fund is a UK Growth Fund and CBIC feel that the UK equity market still has much going for it. In contrast to the pre-October razzmatazz style of launches, CIBC will adopt a low key approach. Its target is to attract a modest £5m im the launch period. However, other funds are planned for 1988 to build up to a full range.

Minimum investment is £500. The charges are 5 per cent initially - approximately 5.5 per cent allowing for rounding up - and 1 per cent renewal.

Small is shaky

SMALLER companies have suffered most from the stock market crash. This is not surprising since they outperformed their bigger brethren during the first nine months of the year and attracted a great deal of speculative support from investors.

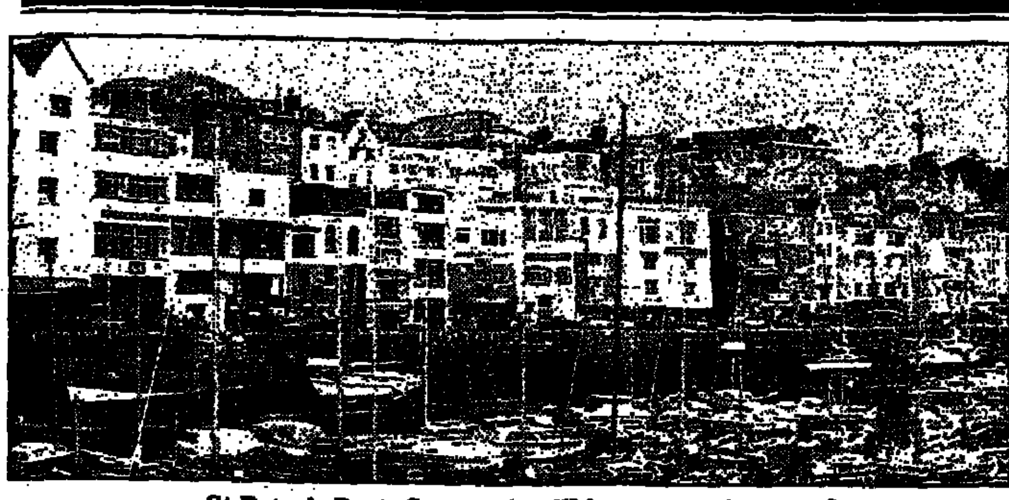
Now all that has changed. Small is no longer beautiful. The expectation is that when, or if, the market rallies buying interest will be concentrated on the big, "safe", blue chip stocks and the smaller companies will take much longer to recover.

Nothing daunted, Windsor Trust sees this as an ideal moment to launch a Smaller Companies Trust. Fund manager, Simon Baker, thinks it is a good time to buy, with price earnings ratios (p/e) at a much reduced level, even though the short-term outlook is none too bright.

The fund will restrict investment to companies with a maximum market capitalisation of £150m but will be biased towards those with a capitalisation of under £50m. In the initial portfolio the largest company is Burgess, electrical appliance manufacturers with a capitalisation of around £80m. and a p/e ratio of only 6.7. Smallest is Lawtex, clothes and umbrella manufacturer with a capitalisation of £3m and a p/e of 8.2.

Windsor has established a good track record for its four existing unit trusts, although its star performing property share fund launched in May has recently suffered a battering. Units in the new fund are on offer at a fixed price of 50p until December 11. There is the normal five per cent initial charge and a one per cent annual management fee. Minimum investment is £500.

Eric Short



St Peter's Port, Guernsey: will it stay a safe haven?

Offshore storms

Barry Riley looks at legislation which may hit island investment

IF YOU are a mainland investor with holdings of Channel Island-based funds, or are thinking of putting money into such vehicles, look out for the possible impact of Britain's Financial Services Act next April.

The Channel Islands, along with the Isle of Man and one or two other offshore financial centres which do significant UK business, are desperately negotiating to avoid being cast adrift by the mainland when the new investor protection laws come into force.

New rules applying to offshore funds could have the following effects:

- Open-ended offshore investment companies at present listed on the London Stock Exchange, and which thereby gain certain mainland marketing privileges, will lose access to the UK market and will be liable to be stripped of their quotations
- Listings of offshore funds in newspapers such as the FT will be subject to new, tougher restrictions and publicising telephone numbers and addresses is likely to be banned
- It will continue to be illegal to advertise such funds in the UK but in addition mainland intermediaries will not be able to advise clients (whether on the mainland or offshore) to invest

However, much depends on whether Jersey, Guernsey and other centres are "designated" under the terms of Section 87 of the Financial Services Act. The signs are that eventually they will be, and that in fact the mainland authorities are being co-operative. But the trouble is that time is running out.

With not much more than four months to go, Channel Islands fund managers fear a descent into a "black hole" during which they would become more or less invisible on the mainland. The hiatus could last for months.

A similar predicament awaits offshore life assurance companies which are dealt with by a different section of the Department of Trade and Industry and are covered by a separate provision of the Act.

Section 130 also sets out the process of designation of a country or territory, which the Secretary of State must be satisfied offers insurance laws which give "adequate protection" to policyholders against the risk of companies failing to meet their liabilities.

This is a little different to Section 87, which says more specifically that collective investment schemes (which can be unit trusts or open-ended investment companies) must be operated under investor protection laws at least equivalent to the new UK provisions.

But it is much more complicated than this, as anxious offshore fund promoters are finding as they run up hefty legal bills in the process of threading their way through the legislative tangle.

European Community-based funds, for instance, can sneak in under cover of Section 86, as required by new Community-wide legislation to demolish national barriers to the marketing of financial services. This is of no value to the Channel Islands, which have chosen to be outside the EC, but it creates new opportunities for Luxembourg-based funds - and is one reason why there is currently a huge queue of new funds awaiting approval in the Grand Duchy.

Finally there is Section 88, which provides a route for individual funds to obtain authorisation. Under this provision, schemes must prove that they provide "adequate protection" to the participants. But it is not clear how this section could be applied, and there is certainly no bureaucratic mechanism for giving individual clearance to hundreds of offshore funds by next April.

The offshore centres are being forced into something of a corner. They know they have to refine their own legislation - Jersey, for instance, is in the process of rushing through new laws for collective investment schemes - but the full details of the regulations of the UK's Securities and Investments Board have not yet been worked out, and may not be until February. So how can the offshore jurisdictions provide rules "equivalent" to mainland provisions which have not yet been defined?

The answer, it seems, is "with difficulty." Moreover there are divisions of opinion in centres like Jersey because by no means all offshore fund management groups want to market funds on the mainland. This is sometimes because they have no mainland marketing networks, but it may also be because they are reluctant to compete with UK parent companies.

All the same, there is sizeable business currently being done in Channel Island bond funds on the mainland, and many Jersey fund managers are planning to designate UK-category funds which would be earmarked for approval by the mainland regulators.

"We don't want to lose a market for any fund," says Richard Wilkinson, managing director of MIM Britannia International and chairman of the Jersey Fund Managers Association. But he suggests that when the rules and conditions are finally spelt out managers are going to have to decide whether UK recognition is worthwhile for any particular fund.

Meanwhile, offshore groups are particularly annoyed that mainland intermediaries could be totally prevented from selling their products even when they are acting for overseas clients. The whole process of marketing investment products to UK expatriates could be forced offshore, so that an individual spending a few years overseas would not be able to carry on using his familiar UK adviser.

There is still a lot to play for in the next few months. But just to be on the safe side, mainland investors in offshore funds are advised to note down the addresses and telephone numbers of the managers. From next April they may not be able to look them up in the FT.

Telecom bonus

BRITISH TELECOM shareholders who chose the share bonus rather than the telephone bill vouchers, will finally get their reward on November 30. They will receive one free share (up to a maximum of 400) for every 10 shares that have been held continously since the privatisation sale three years ago in November 1984.

The additional shares, which will come out of the Government's 49.7 per cent stake in the company, will qualify for the interim dividend which is expected to paid in February.

The share bonus will not be subject to income tax or capital gains tax immediately. However, the shares will be treated for capital gains tax purposes as if they were acquired at market value on November 30. So if the price recovers to its previous peak of over 300p, holders could face an additional capital gains tax liability, but rather less than the profit on the original shares issued at 130p. There are very complicated rules laid down by the Inland Revenue to deal with the tax liability on shares bought at different prices.

But few of the 900,000 shareholders who opted to receive the bonus shares are likely to exceed the £6,600 annual exemption from capital gains tax.

John Edwards

John Edwards finds a PEP scheme for the brave or foolhardy

If you don't mind risks...

YOUR LAST chance to take out a 1987 PEP scheme will seem a hollow sales message during the next fews for many investors nursing heavy losses after the stock market crash. But Commercial Union evidently believes the British public is made of sterner stuff.

It has just announced the launch of two new PEP schemes, one of which is designed to appeal to the especially brave, or foolhardy, investor. Called the Special Situations Plan it will be even riskier than the normal PEP in that there will what is described as an "aggressive" investment policy.

Unlike most other managed PEP schemes there will be no investment in unit trusts to help spread the risk. What is more the policy will be to trade in only a few shares at a time - rarely more than a maximum of three - very actively, possibly buying and selling within one account period or even one day. Investments will also be in non-blue chip companies.

Commercial Union says this aggressive policy will "take advantage of the opportunities presented by today's volatile markets". But it will need all the group's expertise, and possibly a large slice of luck, to offset the extra charges and risks involved in such a policy.

The group also introduced a new version of its Managed PEP introduced at the beginning of the year. The new plan will follow the same investment philosophy of holding the maximum permitted amount in unit trusts, with the remainder being invested in cash deposits and blue chip shares. What has changed is the charging structure, which has been simplified. The new managed PEP has an initial charge of 2 per cent, plus a one per cent annual fee and dealing commission of 0.5 per cent. There is no rebate on the purchase of unit trusts within the plan, so there is an element of double charging. However, the 2 per cent initial charge is competitive. There is a similar charging structure for the Special Situations PEP, except that the initial charge is higher at 5 per cent.

Commercial Union is making special offers to anyone investing in one of the plans before December 18. If you invest in a 1987 PEP before that date you will receive a 1 per cent bonus, equal to £24 on the maximum investment of £2,400. If you take out a 1988 version, before December 18, you receive a 2 per cent bonus.

Bradford & Bingley is offering a special 20 per cent interest rate during December only on investments made in its 1988 Enterprise or Blue CHip PEPs. You only get the higher rate of interest if your money is invested in one of the 1988 plans. If you withdraw your investment before January 1 the interest rate falls to 7.5 per cent.

So far this year Bradford & Bingley estimates that it has captured about 8 per cent of the total PEPs market by selling some 15,000 of its 1987 Blue Chip plan.

Next year it will introduce a more adventurous (and risky) scheme called Enterprise PEP investing in fast growing or underdeveloped companies. Investment in the Enterprise PEP will be confined to a lump sum of £2,400 and it will be pretty costly. Initial charges are 5 per cent, plus VAT, in the first year with 0.75 per cent of the value of the fund being charged every six months. Stamp duty and brokerage are extra.

The Blue Chip plan, which allows investments in lump sums of £600 or at least £50 a month, has the same basic charges but stamp duty and brokerage are free.

Barclays is making "small adjustments" to its PEP plans in 1988. One is that the Barclayshare PEP will be marketed seperately from the Barclays Unicorn Unit Trust PEP to highlight their very different objectives. Secondly the Barclayshare PEP will be offered in multiples of £400 to help investment decisions to be made without delay if the market conditions are suitable.

Meanwhile the bank claims that it makes even better sense, after the market crash, to take out a 1987 PEP while you can to take advantage of the tax concessions for this year. It plans to invest PEP funds in BP partly paid stock since the tax-free concession will be particularly suitable for a stock with such a high initial yield. At basic rate taxation there is the prospect of a £130 tax saving in the first year of investment alone.

While Barclays' basic charges are not particularly competitive, compared with market leaders Lloyds Banks, it does have a maximum ceiling on share dealing costs.

If you want to make a comparison of the different schemes available London intermediaries Chase de Vere Investments provides details of 145 PEP schemes in its latest Pepguide, published this week. It costs £2.

Not so well publicised yet is how the PEP schemes have fared since Black Monday, October 19, on the stock markets. Burdened with heavy extra administrative charges and restrictions on investments, PEP schemes are already at a considerable disadvantage to similar forms of small limited investment vehicles.

Many of them tried to overcome the costs problem by restricting investments to only a few selected shares—a risky policy at the best of times. So some PEP schemes, which plumped for particularly vulnerable shares, are likely to have suffered even more severe losses than the average downturn of some 30 per cent in the UK stock market.

Whatever the investment policy, unless it was to keep funds entirely in cash as was permitted only during the first year of the PEP scheme, losses are likely to be very heavy in the second half of the year.

In response to an inquiry from an FT reader in Manchester, the Inland Revenue confirmed this week that losses suffered on a PEP plan could be offset against capital gains tax in the 1987/88 tax year if the holder withdrew from a PEP plan.

The reader asked two questions, following the halving of the value of his PEP plan from £2,400 to £1,200.

If he discontinued the PEP could:

a) the shares be transferred to his own name rather than be reduced to cash immediately thereby providing the opportunity for a tax loss later in the 1987/88 tax year?

b) can a new PEP be taken out for 1987 to build up from a lower base?

The answer to b) is a straightforward no, according to the Inland Revenue. Only one plan is permitted to be taken out in any one year.

The answer to a) is more complicated. You remain the beneficial owner of the shares bought on your behalf under the PEP plan even if you decide to withdraw from the scheme, so you can retain the shares. However, you only establish a capital gains tax loss when the shares are sold, so you could bed and breakfast them. But by withdrawing early you lose any previous tax concessions, including the payment of tax-free dividends and interest, and the plan manager may also charge you a withdrawal fee.

• FINANCE & THE FAMILY •

Eric Short sees problems ahead for life companies

London Life cuts back

EVER SINCE United Kingdom Provident Institution ran into trouble early last year, the life assurance market has been looking for the next mutual life company to run into problems.

Last week, London Life Association, the second oldest mutual in the UK, founded in 1806, revealed a package of measures designed to cut back on its cash outflow, including, staff redundancies, office closures, a reduction in next year's new business growth and a reduction in its terminal bonus rates on claims arising from next Tuesday December 1.

London Life is one of the very few life companies that does not pay commission to independent intermediaries. It had a reputation for being a small, but well run profitable life company with keen rates and high up in the with-profits performance tables.

So why have these drastic measures been taken and what will be the effect on investors - both present and potential policyholders?

In a nutshell, London Life has outgrown its strength. New business growth which was running at 30 per cent a year, together with the need to maintain high bonus levels, had stetched the underlying financial resources of the company and it has had to retrench.

Being a mutual, it has to rely on its own internal resources to finance its new business growth, a great consumer of capital. Being small, these resources were somewhat limited.

The collapse in the UK and other stockmarkets was the final straw for London Life's appointed actuary, Brendan McBride. The fall cut back the company's margin between assets and liabilities to a level he considered low enough to require remedial action.

So over 100 staff have been made redundant or retired early, five branches have been closed and the two main London branches merged in a rationalisation programme. New business in 1988 will be limited to 80-85 per cent of this year's new business - a cutback that will be even more severe than it looks since everyone is anticipating massive growth next year for life companies, particularly in pensions.

However, the immediate impact on policyholders is the cut in terminal bonus rates, which are added to the benefits when a policy matures or becomes a death claim. The company increased these rates during the year and some reduction would have been likely in any event to reflect the stock market fall.

London Life has a complicated terminal bonus structure for life contracts and a straightforward rate for pension contracts. At the begining of the year, the rate for pensions was 150 per cent of attaching bonuses. This was increased to 175 per cent in the summer. Now it is reduced to 125 per cent.

The effects on maturity values for both life and pension contracts are shown in the tables. Policyholders must remember that the reductions in maturity values do not mean an actual loss on their contract. They will still receive a positive return on their investment. But instead of London Life being among the top performing life companies, it will now be around average.

However, what will concern the main body of policyholders is the effect on reversionary bonuses?

London Life declares its reversionary bonuses around April each year - well after most of the traditional life companies.

With interest rates coming down, life company actuaries generally would have complete justification in reducing their reversionary bonus rates for end-1986. And such a move would make it more acceptable if London Life's actuary does recommend a reversionary bonus cut.

However, all indications at this stage are that marketing considerations will pressurise life companies to keep reversionary bonuses unchanged for another year.

So policyholders with London Life either wait and see what happens or they vote with their feet now and surrender their life policies (cease paying premiums if they hold pension contracts).

London Life had a reputation of being one of the top paying companies for surrender values, though the number of policyholders who actually took advantage of this was comparatively low.

As part of the econmy measures, London Life has changed its basis to bring surrender values more in line with the market.

Existing policyholders should consider very carefully before surrendering any contracts. The return will be low in the early years and this has to be assessed against returns elsewhere.

As far as new investors are concerned, no-one under the best advice principles of the financial services legislation could recommend London Life contracts for at least the next year or so, a feature that the company itself accepts.

All signs are that the company has taken the necessary corrective action in time. It claims that the Department of Trade and Industry has not been directly involved in the measures, though it has been kept fully informed at all stages.

But it will take time to rebuild the financial base of the company and probably put paid to any ideas of becoming a major player in the traditional life sector. Its future role, as long as it remains a mutual company, must surely be as a niche player - a role it played successful for well over a century.

If the company had relied on the independent intermediary market for its business, then the odds are that it would have been finished as an independent entity, since the intermediaries would have dropped it like a hot brick.

However, London Life operates as a direct sales company with its marketing under its own control. As such, the company has a reasonable chance of resolving its problems on its own. But it will not have any difficulty reducing its new business next year.

With-Profits Endowment taken out by a man aged 29 paying an annual premium of £100.

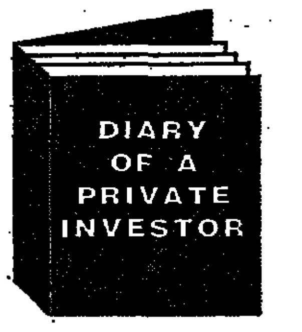
Term	Maturity Value November 1987 £	Maturity Value December 1987 £	Change %
10 years	2,357	2,087	-11.4
15 years	4,750	4,238	-11.0
25 years	12,587	11,380	- 9.6

With-profits section 226 deferred annuity now vesting for a self-employed man, paying annual premiums of £500.

Term	No. of payments	Cash Value November 1987 £	Cash Value December 1987 £	Change %
5 years	6	5,209	4,858	-6.7
10 years	11	14,956	13,520	-9.6

Kevin Goldstein-Jackson sees post-crash bullying

Chinese check



RECENT communications from some of the companies in which I still have shares show that the effects of the stock market crash are not confined to falling share prices.

In November 1985 I bought shares in China and Eastern Investment Company and disposed of part of the shareholding in January this year.

I retained a small number of shares and warrants in the company because it was performing well and regularly issued very informative circulars about its investments in companies with direct involvement in China.

In its October 7 report for the year ended July 31, 1987, the company reported a 93.6 per cent increase in its assets and proposed paying not only a final dividend but also a special dividend.

Last week I received a brief circular from China and Eastern stating that at its annual general meeting on November 9 the proposal to declare a special dividend was "not carried, following the result of a poll requested by a shareholder of the company."

I was somewhat surprised at the brevity of the circular. Why had a shareholder requested such a poll? With the stock market crash, why had they not welcomed the opportunity to receive some extra cash? What did the directors think of this situation?

I phoned Baring International, the investment managers of China and Eastern. Baring politely declined to reveal the name of the shareholder who proposed the motion but confirmed that it was one of the company's large institutional shareholders, supported by one other large institution.

These institutions had felt "that to pay the special dividend would be imprudent in view of recent market conditions" and the money saved should be used "to bolster the assets of the company so that it could make further investments, particularly in China."

If China and Eastern's own directors had proposed such action, I might well have agreed with it. But if an institutional shareholder did not want a special dividend then why did it not simply sell its shareholding and invest elsewhere, instead of depriving small private investors like me of our anticipated reward?

I would much prefer powerful institutions to use their considerable voting power to change the management of certain British companies that are poorly run (which would be to the benefit of all shareholders) rather than reducing the level of dividend payments of a well managed company.

Last week I also received a circular from ERA Group concerning a proposed private subscription for 2.5m ordinary shares at 70p per share and a rights issue of up to 6,422,465 shares at 25p per share.

The circular reported that Murray Gordon had joined the board together with two former colleagues from his successful Combined English Stores Group which had been bought by Next in May this year.

The circular was dated November 18. In pre-crash times such news would probably have produced a jump in ERA's share price, yet on November 18 the shares were 66p and by November 20 they had eased to 65p. Compare this to what happened to ERA's share price prior to the crash.

I first bought shares in the company (then named Times Veneer) in May 1986 for 17.5p each and sold some of the shares for 55.5p each in September of that year. The share price had soared as a result of David Landau and his associates becoming directors and large shareholders in the company. ERA's shares continued to rise and I sold most of my remaining ERA shares for 163p on September 16.

Not only has ERA proved to be one of my most profitable investments, it has also demonstrated my long-held view that it seldom pays to be too greedy. If I had held on to all my ERA shares t he value of that shareholding would have more than halved in the past few months. By taking some profits I had not only recouped considerably more than my original investment but could also afford to view my remaining ERA shareholding as a pure gamble.

CHESS

CHESSPLAYERS and writers sometimes debate whether their game is an art, a science or a sport. They rarely arrive at a clear conclusion, and little wonder. The spectrum of chess activity, from Kasparov and Karpov at the top to social players taking on their computers is very wide.

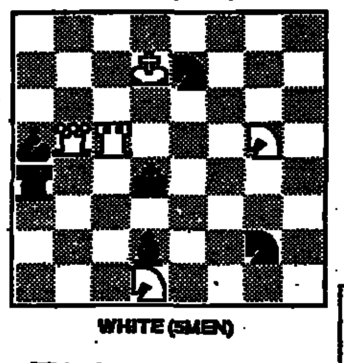
When K and K prepare for their games with the help of teams of research assistants, delving into Chess Informant or the latest tournament bulletins for theoretical novelties, chess looks close to scientific research. When grandmaster events reach their climax, and first prize of thousands of dollars depends on fast thinking in time pressure, then chess becomes competitive sport.

The artistic element is harder to pin down. It is present in the intuitive brilliances of Tal or Alekhine or in the composed mates in two of Sam Loyd or Mansfield, and may be clearest in endgame studies, the artistic miniatures of chess. Endgames often depend on the specific geometry of the chessboard, with solutions displaying an elegant logic. They appear simple, but months of work may go into their creation.

Richard Reti, a Czech, was one of the leading grandmasters of the 1920s, and a writer whose *Masters of the Chessboard*, just re-issued by Batsford (£8.95) is a brilliant guide to strategy throught the games of the great players. Reti's endgame studies sought natural positions with strong links to practical chess. His best-known study has just a king and a pawn on each side, and shows the white king catching an apparently unstoppable fast running black pawn.

Less familiar, but just as striking, is this Reti creation where it takes just one move in an apparently drawn situation to render Black helpless.

BLACK (6MEN)



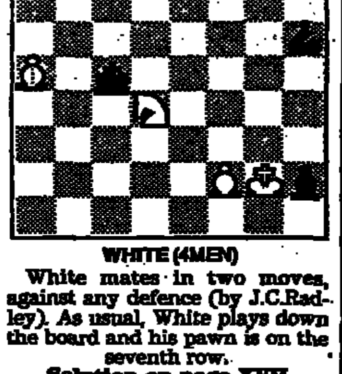
WHITE (5MEN)

White is to move and win. It is easy to see that if 1 KxP, B-B5 ch; 2 K-N2, KxN; 3 P-R6, B-N1, Black's king and bishop stop the white pawn queening. Equally if 1 P-R6, P-N3, while if White's attacked knight moves then Black's K-N4 wins the passed pawn.

The brilliant winning move is 1 K-R1. There is no direct threat, and if Black could pass the draw would be safe. But the zugzwang requirement to make his move is fatal: any bishop move is met by a knight fork, while if K-Q3; 2 N-B5 ch or KxN; 2 P-R6.

This year is the centenary of the London Chess League, oldest constituent unit of the British Chess Federation. A celebration match London v. Rest of England will be played next Saturday, 5 December, at ICA, The Mall, SW1. Games are 2-8 pm, several leading British masters will be in action, and spectators are welcome.

PROBLEM No. 699
BLACK (3 MEN)



WHITE (4MEN)

White mates in two moves, against any defence (by J.C.Radley). As usual, White plays down the board and his pawn is on the seventh row.

Solution on page XVII

Leonard Barden

SPECIAL EDITION

• FINANCE & THE FAMILY •

On the brink again

All in a good cause

Alice Rawsthorn finds the spectre of famine still threatens Ethiopia

"ETHIOPIA is clearly approaching another crisis. The harvest has failed and people are starting to leave their homes to find food. If we act quickly we can prevent famine and the tragedy of three years ago - but time is running out."

Only a few months ago aid workers like Patrick McClay of Oxfam were confident that a repetition of the famine which devastated Ethiopia in 1984 and 1985 could be averted. Today their confidence has evaporated and aid agencies like Oxfam are implementing emergency measures.

Within the next few days five British charities will launch an appeal to raise money for food, medical facilities and transport for Ethiopia in a final attempt to avert famine. The charities - British Red Cross, CAFOD, Christian Aid, Oxfam and the Save the Children Fund - hope that the public will respond as it did three years ago when the public donated millions of pounds for famine relief in Ethiopia.

The timing is critical. The dearth of rain in Ethiopia this summer ensured that the harvest has almost certainly failed. In recent weeks people in the most vulnerable areas - the Northern provinces of Wollo, Tigray and Eritrea - have already begun to leave their homes to converge upon the cities in search of food.

Aid workers in Ethiopia are desperate to avoid a repetition of the problems of the 1984/85 famine whereby hundreds of thousands of people camped near food shelters on the plains outside the cities. Disease spread like wildfire. Thousands of adults and children, who might otherwise have found enough food to survive, were killed by the epidemics.

If enough food arrives in Ethiopia and if that food can be distributed to the worst affected areas, these embryonic camps should disperse and the worst effects of famine may be forestalled. In many ways the chances of fending off famine are far higher than they were three years ago.

When famine struck Ethiopia in the closing months of 1984 the country and the aid agencies working within it were entirely unprepared. Charities like Oxfam and Save the Children had maintained a presence in the country since the famine of 1973. But famine relief requires storage facilities, trucks for distribution, and food shelters. Three years ago this infrastructure had to be built from scratch. Today much of it is still in place.

One of the lessons the aid agencies learnt from the 1984/85 famine was that the facilities established to cope with the crisis should remain intact.

Both Oxfam and Save the Children have increased their funding to the country since the famine ended in late 1985. Oxfam's official budget this year will be increased to £1.4m, while Save the Children's will rise to £1m. In addition both plan to send emergency aid.

This continued commitment has ensured that the short haul trucking fleet set up by the two charities in 1985 to distribute food in Wollo is still intact. After the famine the trucks were used to transport agricultural equipment and grain. They are now ready to return to emergency action and both charities plan to add to the fleet.

There is still a critical need for more trucks. Band Aid, the charity formed by the pop star Bob Geldorf to raise money for the last famine, bought a fleet of long haul trucks to take food from the ports to regional distribution points. But more long haul trucks are needed.

In the regions of Tigray and Eritrea, the distribution of food is obstructed by political problems and the continuing conflict between the Ethiopian government and guerillas. But in Wollo, at least, the relief infrastructure is ready to fend off famine.

Another lesson of 1984/85 was that, instead of concentrating on crisis measures - like the provision of high calorie food for starving children - the aid agencies should take early action to avert famine.

Thus in May, when there was concern that a plague of locusts would devastate the harvest, money was spent on a pesticide programme. In July, when it was evident that the main crops would fail, the charities provided seeds for short term crops, like chick peas, in an attempt to ensure that at least something could be salvaged from the year's harvest.

From September onwards grain has been shipped to Ethiopia. More recently as the crisis has escalated, supplies of food have been airlifted to the worst affected areas. More food is needed. At the very least the country will require 1m tonnes of grain, to date donor governments have promised only half of this requirement.

If the additional grain arrives and if the public responds to the emergency appeal, aid workers believe that there is still time to forestall famine in Wollo, at least. If not then the tragedy of the last Ethiopian crisis will be repeated and hundreds of thousands of people could lose their lives.

Donations to the Disaster Emergency Committee appeal for Ethiopia should be sent to: PO Box 999, London EC2R 7ET.

Still going hungry...a mother and her children at a refugee camp

David Cohen advises on how to avoid possible revenue traps

Keeping one's options open

MANY executives will soon have the chance to exercise Revenue-approved share options. But careful planning is essential if the taxman's share of these option profits is to be kept to a minimum.

Executive option schemes were introduced by the 1984 Finance Act and the Inland Revenue began approving schemes in the autumn of that year. Since these options usually cannot be exercised for at least three years, the first batch of potential exercisers is only now approaching the starting line.

The amount payable on the exercise of an approved option is the share price of the company on the date when the option was originally granted. If this subscription price is higher than the current share price, then exercising the option would show as *much financial acumen* as applying for shares in the BP offer. The only possible advice to an executive in that position would be to delay exercise and hope that the share price recovers during the remaining seven years before the option expires.

In spite of the Stock Market collapse, however, share prices are generally well above 1984 levels, so most option holders will still be sitting on potential profits and face the choice of either taking the money or holding on to the shares.

Whichever decision is made, the bank manager's assistance may be called for. Even those who decide to cash in their profits may need to take out a bridging loan since the shares will have to be paid for before they can be sold. But until last week it seemed that an executive who borrowed to finance his exercise could land himself in serious tax trouble.

The main benefit conferred by the 1984 legislation is that options can be exercised free of income tax. But this dispensation is withdrawn if the shares issued are subject to "restrictions," or if the employee's freedom to sell is in any way fettered. If shares are bought with borrowed money the conditions imposed by the lender will almost certainly amount to "restrictions." Under the existing legislation, this would mean an immediate income tax charge on exercise of the option.

Last month however, the Government admitted that this particular tax trap was never intended. In the light of that admission, Norman Lamont, the Financial Secretary to the Treasury, announced that next year's Finance Bill would correct the position with retrospective effect.

Although this means that *loan-related restrictions* are no longer a danger, executives should take great care not to curtail their rights in any other way, for example by agreeing to vote the shares in accordance with someone else's instructions. However trivial the restriction, the likely consequence will be an income tax bill at the employee's top rate of up to 60 per cent.

If an option holder does take out a loan, the interest he pays can only qualify for tax relief if his company is "unquoted." Companies whose shares are dealt in on the Unlisted Securities Market or the Third Market are regarded as unquoted for this purpose. Additional conditions to be satisfied before relief will be granted are that the company is controlled by five or fewer persons and that the employee either occupies a management position or else owns at least 5 per cent of the shares.

The next tax to be considered is capital gains tax on the ultimate sale of the shares. This will be charged at a flat rate of 30 per cent after taking account of indexation and the current annual exemption of £6,600. If the share sales can be spread over several tax years then the benefit of multiple annual exemptions should help to keep the tax bill down.

Take the case of Mr A, who was granted an option over 10,000 shares in October 1984 at a subscription price of £1 per share. He exercises the option in October 1987 when the share price has risen to £3. If he sells all the shares immediately he will make a taxable gain of £13,400 (£20,000 less £6,600) on which CGT of £4,020 will be payable.

As an alternative, Mr A could sell 5,000 shares now and the balance on April 6 1988, the first day of the next tax year. Assuming no change in the share price, each of the two sales will net Mr A a £10,000 gain of which only £3,400 will be taxable. This will give rise to an aggregate CGT liability of £2,040 (£1,020 x 2) which is a saving of £1,980 compared with the original scenario.

The caveat - which should hardly need spelling out at the moment - is that a fall in price before the second sale may wipe out or even exceed the projected tax saving.

An employee who does wish to stagger his share sales may be tempted only to exercise his option for as many shares as he wished to sell at each stage. He could then avoid laying out money for those shares which he did not intend to sell immediately, and would retain the freedom not to exercise the balance of the option if the market price subsequently fell below his subscription price.

However, in spite of these apparent advantages, multiple exercises of options can create disastrous tax consequences. This is because of the statutory rule that income tax is payable on the exercise of an option which takes place within three years of a previous tax-free exercise.

Suppose that Mr A decided to exercise half his option now and the other half immediately before his second sale in April 1988. Since the first exercise will be tax-free, the second will be caught. His ploy to exploit an extra CGT exemption will have completely backfired because he will not have a CGT liability against which to offset the second exemption, and instead will pay income tax at his top rate. If this is the 60 per cent maximum, then he will pay total tax of £7,020; £3,000 more than if he had simply exercised his option in full and sold all the shares at once.

David Cohen is a partner in Paisner & Company, Solicitors, of London.

The Investment Trust Table

The figures in the columns below are based on information supplied by the companies named, which are members of The Association of Investment Trust Companies. The figures are unaudited.

Columns (1)–(6): as at close of business on Monday 23rd November 1987. Columns (7)–(11): as at 31st October 1987.

Total Net Assets (1) £million	INVESTMENT POLICY Trust (2)	Management (3)	Share Price (4) pence	Yield (5) %	Net Asset Value (6) pence	Geographical Spread: UK (7) %	Nth. Amer. (8) %	Japan (9) %	Other (10) %	Gearing Factor (11) base=100	Total Return on N.A.V. over 5 years to 31.10.87 (12) base=100
	CAPITAL & INCOME GROWTH										
486	Alliance Trust	Independently managed	737	4.7	957	49	38	8	5	90	230
138	Bankers	Touche, Remnant	62	3.4	75	51	28	6	15	111	279
370	British Investment	Independently managed	470	5.1	586	58	17	17	8	88	240
85	Brunner	Kleinwort Grieveson	95	3.8	124	72	14	2	12	109	247
603	Edinburgh Investment (w)	Dunedin Fund Managers	133	4.3	184	62	15	13	10	91	251
772	Foreign and Colonial	Foreign & Colonial	96	2.7	120	44	25	15	16	111	267
1039	Globe	Independently managed	132	4.4	165	76	15	6	3	96	284
467	Govett Strategic	John Govett	226	2.4	291	74	7	1	18	119	282
13	Jos Holdings	Kleinwort Grieveson	141	3.6	174	90	3	–	7	96	313
55	Keystone	Mercury Asset Man.	250	3.3	327	69	22	–	9	114	290
113	Kleinwort Charter	Kleinwort Grieveson	108	3.5	139	77	14	5	4	100	272
57	Meldrum	Gartmore	116	3.7	147	95	4	–	1	99	313
508	Scottish Mortgage	Baillie, Gifford	91	3.2	120	52	16	12	20	116	269
164	*Second Alliance*	*Independently managed*	661	4.4	849	50	38	7	5	91	235
618	TR Industrial & General	Touche, Remnant	100	3.1	125	57	20	12	11	112	250
521	Witan (w)	Henderson	104	2.9	131	57	20	10	13	106	300
	United Kingdom										
16	City of Oxford	Hambros Bank	63	3.8	76	100	–	–	–	94	288
48	Fleming Claverhouse	Robert Fleming	198	3.9	252	100	–	–	–	101	321
63	Shires (w)	Glasgow Inv. Man.	205	9.8	225	92	4	–	4	89	216
166	TR City of London	Touche, Remnant	69	5.1	77	91	9	–	–	105	302
144	Temple Bar	Guinness Mahon Inv. Man.	184	4.8	231	99	1	–	–	108	339
	CAPITAL GROWTH										
	General										
309	Anglo & Overseas	Morgan Grenfell	351	2.7	475	47	20	22	11	96	259
142	Atlantic Assets (w)	Ivory & Sime	43	1.6	57	33	65	–	2	101	139
91	Electric & General	Henderson	75	1.9	93	58	23	6	13	100	304
35	Greenfriar (w)	Henderson	393	0.7	343	69	–2	3	30	117	327
	International										
90	Berry	GT Management	243	0.6	283	72■	10	4	14	69	308
2	Child Health (w) △	Thornton & Co.	49	0.0	42	41	8	2	49	112	226
94	English & Scottish	Gartmore	94	2.3*	114	50	21	6	23	90	272
36	F & C Eurotrust	Foreign & Colonial	165	1.6	198	6	–	–	94	113	356
238	Fleming Overseas	Robert Fleming	130	2.4	178	15	39	21	25	85	244
106	Fleming Universal	Robert Fleming	129	1.6	159	29	33	15	23	92	227
18	Gartmore European (w)	Gartmore	300	1.0	331	21	5	–	74	105	220
55	Gartmore Inform. & Fin. (w)	Gartmore	48	3.1	58	75	21	–	4	110	169
8	German Securities (w)	Liechtenstein (UK)	90	2.6	107	–	–	–	100■	25	†
157	Hambros (w)	Hambros Bank	184	3.7	246	65	26	1	8	109	232
122	Kleinwort Overseas	Kleinwort Grieveson	107	3.2	143	14	45	7	34	104	221
10	Mid Wynd International	Baillie, Gifford	196	2.0	200	29	23	14	34	96	304
218	Monks	Baillie, Gifford	185	2.1	247	45	19	10	26	104	257
103	Murray Smaller Markets	Murray Johnstone	151	1.6*	161	21	11	13	55	110	311
10	Nordic △	GT Management	56	0.5	61	10■	–	–	90	89	†
74	*North Atlantic Securities* △	*Morgan Grenfell*	307	1.6	383	–	34	39	27	91	227
†	Northern American	Dunedin Fund Managers	310	2.4	†	†	†	†	†	†	†
31	Northern Securities	GT Management	276	1.3	317	87■	7	–	6	38	335
9	Paribas French	Paribas Asset Man.	50	0.0	59	–	–	–	100	90	†
102	Romney	Lazard Brothers	267	2.6	353	14	37	27	22	95	210
83	Schroder Global	Schroder Inv. Man.	181	3.2	226	36	37	12	15	99	205
361	Scottish Eastern	Martin Currie Inv. Man.	108	2.8	143	74	6	11	9	114	257
449	Scottish Inv. Trust (w)	Independently managed	323	2.9	438	47	25	12	16	109	243
18	Stratton Inv. Trust	Baring Inv. Man.	92	0.4	120	62	17	11	10	109	†
106	Tribune	Baring Inv. Man.	148	3.1	188	57	20	11	12	100	276
64	USDC	GT Management	116	4.1	139	49	33	5	13	102	†
	North America										
117	American	Edinburgh Fund Mgrs.	107	4.2	138	27	73	–	–	99	170
144	Edinburgh Amer. Assets	Ivory & Sime	79	1.1*	107	25	71	3	1	138	153
110	Fleming American	Robert Fleming	102	2.1	132	9	91	–	–	78	166
30	Gartmore American Secs.	Gartmore	117	1.6	149	25	74	–	1	99	251
125	Govett Atlantic	John Govett	107	3.8	143	31	68	–	1	103	167
63	TR North America	Touche, Remnant	80	3.4	97	14	86	–	–	86	165
	Far East										
19	Australia (w) △	Clayton Robard (UK)	78	4.7	108	65	–	–	35	35	†
46	Drayton Far Eastern (w)	MIM	184	0.9	242	3	3■	60	34	81	389
6	EFM Dragon (w)	Edinburgh Fund Mgrs.	6	0.0	5	8■	–	–	92	88	†
195	F & C Pacific (w)	Foreign & Colonial	97	1.4	137	4	16	58	22	110	273
309	Fleming Far Eastern	Robert Fleming	134	0.8	186	–	–	68	32	86	395
348	Govett Oriental	John Govett	205	1.2	275	8	1	53	38	107	327
22	Martin Currie Pacific (w)	Martin Currie Inv. Man.	120	0.3	172	7	–	75	18	93	†
19	Pacific Assets (w)	Ivory & Sime	114	0.9	114	3	–	–	97	98	†
31	TR Australia (w)	Touche, Remnant	81	4.1	96	–	–	–	100	111	158
	Japan										
50	Baillie Gifford Japan (w) △	Baillie, Gifford	345	0.0	461	–	–	100	–	97	575
14	Baillie Gifford Shin Nipp. (w)	Baillie, Gifford	60	0.5	81	–	–	100	–	98	†
102	Crescent Japan	Edinburgh Fund Mgrs.	126	0.2	152	–	–	100	–	75	502
235	Drayton Japan	MIM	703	0.2	864	5	2■	93■	–	59	435
174	Fleming Japanese	Robert Fleming	159	0.2	217	3	–	97	–	85	458
100	GT Japan	GT Management	231	0.8	296	17■	2	81	–	84	501
95	Japan Assets (w)	Ivory & Sime	65	0.1	79	32	–	68	–	82	396
67	New Tokyo (w)	Edinburgh Fund Mgrs.	125	0.1	154	1	–	99	–	87	495
	Commodities & Energy										
7	New Darien Oil (w)	Hodgson Martin	72	1.3	62	42	58	–	–	132	103
23	Precious Metals △	J. Rothschild	169	0.4	189	10■	63	–	27	89	201
88	TR Natural Resources	Touche, Remnant	55	5.1	66	43	33	–	24	95	134
	Technology										
10	Baillie Gifford Tech. (w)	Baillie, Gifford	67	0.4	87	49■	39	9	3	78	†
77	Fleming Technology	Robert Fleming	142	0.6	186	51	32	13	4	94	169
322	TR Technology	Touche, Remnant	63	2.2	69	40	47	8	5	104	215

Total Net Assets (1) £million	INVESTMENT POLICY Trust (2)	Management (3)	Share Price (4) pence	Yield (5) %	Net Asset Value (6) pence	Geographical Spread: UK (7) %	Nth. Amer. (8) %	Japan (9) %	Other (10) %	Gearing Factor (11) base=100	Total Return on N.A.V. over 5 years to 31.10.87 (12) base=100
	INCOME GROWTH										
399	British Assets	Ivory & Sime	62	5.3	77	63	32	–	5	109	254
159	First Scottish American	Dunedin Fund Managers	355	5.1	432	97	2	–	1	103	264
76	General Consolidated △	Independently managed	329	6.0	402	76	20	–	4	88	280
227	Investors Capital Trust	Ivory & Sime	294	6.2	356	100	–	–	–	100	†
41	Lowland	Henderson	198	3.2	161	90	2	–	8	104	464
166	Merchants	Kleinwort Grieveson	127	5.8	159	82	15	–	3	97	251
184	Murray Income	Murray Johnstone	169	5.5*	195	79	9	–	12	107	321
251	Murray International	Murray Johnstone	157	4.8*	194	50	28	14	8	96	244
133	Raeburn	Lazard Brothers	387	5.8	485	70	19	7	4	95	224
197	Securities Trust of Scotland	Martin Currie Inv. Man.	89	5.5	109	67	19	8	6	106	293
	SMALLER COMPANIES										
11	Continental Assets (w)	Ivory & Sime	77	1.8	92	–	–	–	100	98	†
†	Dundee & London	Dunedin Fund Managers	245	3.5	†	†	†	†	†	†	†
66	English & International (w)	MIM	200	3.1	232	66	24	9	1	108	360
83	F & C Alliance	Foreign & Colonial	59	2.4	72	52	20	14	14	105	248
11	First Charlotte	Ivory & Sime	15	4.6	15	97	–	3	–	104	191
29	Fleming Fledgeling	Robert Fleming	168	2.1	209	76	22	2	–	97	266
22	Kleinwort Smaller Cos.	Kleinwort Grieveson	495	2.6	514	99	–	–	1	98	423
39◆	London & Strathclyde	Gartmore	203	2.2	249	79	20	–	1	105	299
35	London Atlantic	Investors in Industry	276	3.6	306	81	7	–	12	99	298
26	Moorgate (w)	Independently managed	166	4.5	184	93	1	–	6	93	394
28	North British Canadian	Investors in Industry	335	3.2	437	97	2	–	1	112	369
64	St Andrew	Martin Currie Inv. Man.	148	3.6	184	71	15	8	6	98	288
230	Scottish American	Stewart, Ivory	77	3.6	108	60	22	4	14	86	237
51	Smaller Companies Int.	Edinburgh Fund Mgrs.	100	1.4	108	84	7	9	–	105	281
18	Strata Investments (w) △	Henderson	98	0.7	119	60	17	13	10	95	†
241	TR Trustees Corp.	Touche, Remnant	99	3.0	119	73	19	7	1	109	269
281	Throgmorton (w)	Throgmorton Inv. Man.	374	3.5	453	97	2	–	1	116	376
	SPECIAL FEATURES										
83	Ailsa △	J. Rothschild	135	2.5	150	57	26	5■	12	90	267
22◆	Consolidated Venture (w)	MIM	165	0.2	197	38■	60	–	2	82	279
182◆	Drayton Consolidated	MIM	420	3.9	521	77	17	4	2	94	254
288	Ensign Trust	Merchant Navy Inv. Man.	72	1.9	80	74	17	1	8	114	†
57	Fleming Enterprise	Robert Fleming	95	3.4	119	100	–	–	–	109	313
321	Fleming Mercantile	Robert Fleming	158	3.2	216	75	22	1	2	76	270
37	Hambros Advanced Tech.	Top Technology	198	0.0	175	77	22	–	1	99	†
61	Independent (w)	Ivory & Sime	41	2.1	52	31	62	–	7	88	110
16	Kleinwort Development	Kleinwort Grieveson	225	3.0	267	100	–	–	–	68	†
60	London Amer. Ventures (w)	Hambrecht & Quist	42	0.0	64	29	71	–	–	75	†
66◆	Murray Ventures (w)	Murray Johnstone	233	3.1	283	87	6	2	5	87	302
132	TR Property	Touche, Remnant	77	2.5	98	78	5	3	14	97	312
27	Throgmorton USM (w) △	Throgmorton Inv. Man.	126	1.7	139	98	2	–	–	111	†
30	Value and Income (w)	Stewart OLIM	51	3.4	54	99	1	–	–	125	†
	SPLIT CAPITAL (x)										
47	City & Commercial 88/93	MIM	965	–	1160	82	9	8	1	107	314
37	Fundinvest 85/90	MIM	450	–	516	79	10	9	2	105	297
2	Marine Adventure 88	Thornton & Co.	285	–	249	44	10	–	46	90	222
60	New Throg. (1983) (w) 08	Throgmorton Inv. Man.	88	–	197	99	1	–	–	128	†
99	River & Merc. Trust (w) 00	River & Merc. Inv. Man.	58	–	153	79	21	–	–	186n	†
†	River Plate & General (w) 96	Jupiter Tarbutt	58	–	†	†	†	†	†	†	†
238	Scottish National (w) 98	Gartmore (Scotland)	43	–	96	80	11	–	9	111	†
30	Throgmorton Dual △	Throgmorton Inv. Man.	335	–	664	98	2	–	–	100	†
101	Triplevest 87/91	MIM	1115	–	1447	92	7	1	–	111	280

NOTES TO THE TABLE

- † No data.
- * Applies to Ordinary/"A" Ordinary only.
- ■ More than one quarter in non-equity investments.
- (x) Capital shares and winding-up dates.
- z Incorporates recent revaluation of unlisted investments.
- ac Adjusted for scrip issue.
- ar Adjusted for rights issue.
- (q) Published quarterly.
- (w) Company has warrants or options in issue.
- ◆ More than 20% in securities or other assets included at directors' valuation.
- △ The Trust has provisions for a limited life. Please refer to the company for further information.
- n Figures not directly comparable with previous month.

Cols. 1, 4 to 6 Figures supplied by Wood Mackenzie & Co. Ltd. members of The Stock Exchange. The figures in Cols 1&6 are simulated to date shown based on latest valuation supplied by the companies and made available to The Stock Exchange.

Col. 11 The gearing factor indicates the percentage amount by which the net asset value per share would rise if the value of the equity assets increased by 100 per cent.

Investment Trusts
ASSOCIATION OF INVESTMENT TRUST COMPANIES

INDICES OF FIVE YEAR TOTAL RETURN

+ Investment Trust Average	287
F.T.-Actuaries All-Share	279
* Standard & Poors Comp.	211
* Tokyo New Stock Exchange	687
* Morgan Stanley Cap. Int. World	319

+ Excludes split capital.
* Adjusted for exchange rate changes.

Additional explanatory notes are available on request from The Secretary, The Association of Investment Trust Companies, Park House (6th Floor), 16 Finsbury Circus, London EC2M 7JJ. Tel: 01-588 5347.

House or a home?

Is it possible for a retired person who is not a UK citizen, not a UK resident and has domicile outside the UK to own a house/flat in the UK used for, say, three months a year for holiday purposes without incurring liability for UK income tax? My reading of IR20 suggests that this is not possible but if so it would appear to be at variance with practice elsewhere in the EEC. And would any liability so incurred refer to the whole of that person's income during the tax year or only that part accruing in the period of his stay in the UK?

The answer to your first question is no, as you expected from reading IR20. The UK tax liability would apply for the whole of each UK tax year - income and capital gains - but the assessments (on the remittance basis) might be partly based on the preceding year's remittances, and the effects of dual residence might be mitigated by a double taxation agreement with the taypayer's home country, for example. Tax systems within the EC are still a long way from harmonisation, unfortunately.

Survival clauses

My wife and I are both 60 and have two married daughters. The tenancy of our house is already held as 'Tenants in Common' and both our wills stipulate that the monies go to the survivor and then to the daughters. There is a 30-day survival clause written into the wills and a Deed of Variation is also lodged with the wills.

To reduce Inheritance Tax, is it necessary to write into the wills that, on the death of either of us, one half is left to our daughters or can that be achieved by the use of the Deed of Variation after the first death? Would the same answer also apply if both of us were killed in a car crash?

It is not clear from your letter whether your wills provide for the testator's share in the house to pass to the survivor or only for other assets to do so. For Inheritance Tax purposes it is better if the share of the first to die goes to the children straight away. It is also unclear what provision is made by the Deed of Variation to which you refer. The 30-day clause is designed to avoid the problems presented by simultaneous or near-simultaneous deaths.

Inherited values

Please put me out of my misery! I have a question regarding the valuation of shares for inheritance tax. The deceased died just before the recent share price collapse. Share valuation for granting of probate is based on prices ruling on the day of death.

Must the final reckoning of inheritance tax be based on the above only, or on the amount actually realised when the shares are sold (or transferred to a legatee), provided this occurs within one year of death?

Inheritance tax liability is to be calculated on the value as at the date of death. A transfer after a fall in the market will avoid capital gains tax.

BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Growing problem

I live in a bungalow with access to the road up a concrete track owned by the house at the end of the track. There is one other cottage along it. Opposite is a field and the farmer who rents this is responsible for cutting the hedge on both sides, which he last did three years ago. Efforts by us to cut the hedge have brought promises by him to do so, but no action. He has been heard to remark that he cannot cut it because it is now too tall. The track is narrow and the hedge will soon prevent access.

Is there anything we can do? Does the landowner of the field have responsibility if his tenant fails to cut the hedge?

Unless there is an express grant to you of right of way in terms which state that the servient owner must keep the hedge trimmed - which is most unlikely - the responsibility for making or keeping the access road passable rests with the dominant owners ie those who wish to exercise their right of access. You cannot therefore require the servient owner or his tenant to trim the hedge.

Untimely delay

I purchased 1200 shares in British Gas on privitisation, of which I have the certificate. On June 30 1987 I decided to increase any holdings to 3000, so I instructed my bank to purchase 1800 shares (of which I received the contract note) for settlement July 20 1987, the cost being debited to my account on July 21 1987. At the time of writing - October 17 -I am still not in receipt of the share certificate for these 1800 shares.

I received the dividend voucher early in October 1987, but noted a discrepancy in my share certificate for these 1800 shares. At my bank's request I returned the dividend voucher to them to sort out this discrepancy.

I have heard that Big Bang can affect and delay the transfer of shares certificates and would like to know if this three months delay is usual.

The delay is longer than it should have been. If the bank does not procure the regularisation of the position promptly you should refer the matter to the surveillance section of the London Stock Exchange.

David Walker visits Europe's most secretive country, which has recently opened its doors to tourists.

Guarded welcome for Albania's new invaders

IN THE central square in Tirana a policeman in blue uniform blows a whistle and gesticulates vaguely at groups of pedestrians. He is on point duty – but there is no traffic. Ever. Just an occasional overcrowded bus or ancient lorry belching fumes, a cyclist or two weaving slowly through the crowds on foot, and the odd horse-drawn vehicle.

A few hundred yards away, by the city's central park, two sets of traffic lights go ridiculously through their multi-lit act, complete with cross/don't cross signs for pedestrians. They need not bother for this is Albania, where the private car is banned.

Albania is Europe's poorest country and eastern Europe's smallest, with a population of 3m. And it has traditionally been one of Europe's most closed societies. In the last two years, however, since the death of Enver Hoxha, in power since 1944 and the Communist world's longest serving leader - a feat achieved in part by a vicious regime of forced labour camps for political dissidents - there has been a certain amount of opening up.

An existing trickle of tourism is being allowed to grow slowly - not, your Albanian guide will soon tell you in impeccable English, as a means of earning foreign currency, but to promote international friendship.

The wariness of foreigners is apparent at every moment. The countryside, fought over by different invaders throughout the last millenium, is covered in all directions by concrete pillboxes, while the towns are full of posters urging the people to maintain vigilance in pursuit of the revolution.

The frontier crossing from Yugoslavia, desolate and ill-lit, immediately appears to confirm one's worst suspicions about the country. Our group of 35 arrived in the dark and achieved a relatively perfunctory exit through the Yugoslav customs house. The bus which had brought us from Titograd airport turned back, for no -vehicular traffic is allowed through by the Albanians.

We walked 50 yards down a virtually unlit road to a great wire fence with a single gate on which swung the one bright light anywhere. Passports were minutely scrutinised, faces checked carefully against photographs on the group visa. It was all done with absolute courtesy, even a few smiles. But that was not enough to eradicate the air of menace.

After the passport check we passed through the barrier, up crumbling steps to a decrepit customs house with immigration and customs forms to fill in - were we bringing in books? Money? Drugs? Cameras? Who invited us? What were our fathers' names?

A lone bottle of English gin looked forlornly out of a glass display case built under a set of tired green pot-plant flanked stairs. A sign suggested they led to a cafe, but there was surely never any such thing here. Alongside the gin were half-a-dozen bottles of Albanian brandy and a handful of Albanian-made souvenirs.

The forms were handed in, every suitcase opened, and books scrutinised, with at least one travelogue on Albania published in the West confiscated, to be returned on its owner's exit from the country. Such pillars of rectitude as the Daily Telegraph and Financial Times were checked for pornographic content, but judged not to contain any and therefore suitable for importing.

And we were through, with our English courier and two Albanian guides, to start a fournight tour of this most secretive of European countries.

It is not an attractive country. There is no night life, no attractive bars or cafes in which to sit and enjoy the balmy autumn evening. But the fascination of being able to walk around streets few western Europeans have been in has an appeal of its own. And you are free to stroll where you will, unaccompanied by guides, and to take photographs provided that you avoid military installations and the soldiers who are everywhere.

Our first visit was to the ancient city of Shkodra; reached at night after a drive during which unlit bicycles formed frequent hazards along with the occasional flock of sheep and horse- or bullock-drawn wagon; vast lorries hurtled towards us with much hooting.

Shkodra was typical of the towns along the northern plain of what is a largely mountainous country. Dominated by modern but crumbling concrete buildings, it also possesses a shopping street which can have changed little since the days of the Ottomans, with attractive balconied buildings and elegant street. On a warm October Friday evening the street was alive with people.

Shkodra is dominated by its ancient castle guarding the lakes and river into Montenegro, its walls covered with blue flowers, the inevitable slogan in praise of Enver Hoxha and the Party at its summit. Just below it is a mosque, one of the few left standing when religion was officially abolished in the early 1950s. Another mosque within the castle itself is no longer recognisable.

At the foot of the castle walls small children emerged with little posies of wild flowers and herbs which they handed at random to the visitors. One or two sought ballpoint pens or chewing gum, though most seemed happy for their own home-made gifts to be accepted. Stage-managed? I do not think so.

Later that day in open countryside we watched a group of women washing clothes in a river. They were using a great metal drum in which to heat water over an open fire and then rinsing the clothes with a giant cast-iron pump in the river bed.

High in the mountains nearer Tirana is Kruja, with its ancient castle housing the Skenderbek Museum, a celebration of Albania's 15th century national hero who secured the country a brief independence from the Turks.

Northern Albania's main resort is on the coast at Durres. At night it was attractive though in the morning reality intruded. In Tirana I was to see a photograph of Durres beach covered with bright umbrellas and people. In fact it was covered with concrete blocks, including the ubiquitous pillboxes. A diving platform lay half submerged and on its side in the water.

Durres houses one of Albania's most spectacular sights, a Roman amphitheatre said to be one of Europe's largest, with some exquisite mosaics in a chapel underneath.

Tirana, whose population has grown from 40,000 40 years ago to 250,000, must be Europe's least appealing capital city, despite its superb mountain setting. Its central square, with gaudily illuminated fountains in the middle, is surrounded by monolithic concrete save for an old mosque left standing in one corner. The broad boulevards which approach it are lined with dowdy shops, but there is a pleasant central park and some fine old decorated houses. One of the best is now the Cuban Embassy.

As elsewhere, national costume is still relatively common. Ice cream (9p and very palatable) and soft drink (again 9p and rather resembling cough medicine) kiosks abound, as do kiosks containing people to weigh you or measure your height.

The National Historical Museum has some glorious Graeco-Roman artefacts but then all but skips the next 1700 years to move to the usual paean of praise for Enver Hoxha and his Communist partisans for securing the country's liberation in 1944, ignoring any other groups involved. The Museum of National Ethnography is to be recommended, while the Museum of Economic Achievement is full of modern Albanian industrial artefacts.

We visited the Martyrs' Graveyard, reached by a pleasant drive past the main Government offices and through attractive tree-lined streets. The graveyard, containing the tombs of the country's war heroes and the grave of Hoxha, is high above the town, past the former royal palace of the late and unlamented King Zog. We also attended a lieder/operatic aria/chamber music recital (yes, really) which was of an astonishingly high standard and most enjoyable.

Our hotels were generally adequate, though no more, with private showers and lavatories. There are no plugs in the washbasins, and light bulbs are always missing. The food ranged from adequate to disgusting. A bottle of palatable Albanian wine was around 65p, mineral water 18p. You are advised not to drink the tap water, though several of us did so with no ill effects. There is virtually nothing else to buy.

In the hotels, hard currency shops sell tacky souvenirs plus some quite attractive silver filigree earrings for a pound or so a pair. But the big attractions are the works of Enver Hoxha, which in English translation at least are hilariously unputdownable. These must be posted to Britain for Yugoslavia allows no printed material from Albania through its border.

My visit was certainly not relaxing; I am not even sure that it was enjoyable. But it was a fascinating experience.

● My five days in Albania cost me £305 for full board, including £60 single room supplement, through Voyages Jules Verne, 10, Glentworth Street, London NW1.

A street scene in Tirana, capital of Europe's poorest country: the city proves more fascinating than attractive.

Special hotels: this week, the Grand Hotel, East Berlin

Champagne socialism

NOTHING prepares one for Eastern Europe's most luxurious hotel.

At Checkpoint Charlie crossing point in the Berlin Wall a suspicious East German customs official takes away my Financial Times and a West Berlin newspaper and disappears into a side room. He re-emerges with the papers a few minutes later, however, apparently satisfied they are for my eyes only.

Carrying our bags - no taxis at the wall - my wife and I trudge through East Berlin's back entrance, Friedrichstrasse, which is one vast construction site. From some distance we can make out our weekend hideaway in East Berlin, the Grand Hotel. Financed by the Japanese and built by the Swedes, the impressive post-modern building stands at the corner of Friedrichstrasse and Unter den Linden, the prewar heart of Berlin.

For a mere DM 80, hotel guests who arrive at Tegel Airport in West Berlin are spared the border controls. They are met by the hotel's Volvo limousine and are whisked through the wall with a minimum of formalities.

Ogled by East German tourists who regard the newly opened Grand as a seventh wonder of socialism, we enter the sumptuous lobby and leave East Berlin and its solid burghers far behind. Thick Axminster carpets, a *belle epoque* staircase and cut glass chandeliers only hint at what is to come.

The beautifully appointed small suite at DM 480 a night rivals any I have seen in the West. No detail has escaped management's attention including the lace bordered bed linen and a range of useful and complimentary toilet articles. Thick terry cloth bath robes and clogs lay ready for the pool. I have stayed in Budapest's Forum Hotel, hitherto Eastern Europe's finest. But this one is unadulterated luxury.

I try out the TV as in the East German hotels I stayed in in the 1960s the TV sets had the West German channels tuned out. Nothing of the kind here. The set even receives the British Forces channel, France's Antenna 5 and stock market quotations from West Berlin. The view from the hotel window is symbolic if not beautiful. In the foreground is the tower of the hulking Soviet Embassy and behind it the Reichstag in West Berlin topped by an oversized floodlit German flag. In the distance I can just make out West Berlin's Europa Centre with its revolving Mercedes star.

The pool turns out to be as empty as the rest of the hotel. General manager Hellmut Froehlich expects the Grand's occupancy rate to climb well above the 35 per cent level it stood at shortly after opening last August. Negotiations are underway, he says, with Leading Hotels of the World and the goal is to attract senior and middle ranking executives from Western Europe, Japan, the US and the Middle East.

Touch of Class

It's cocktail time but instead of nuts we are served Kultur with our drinks. An organist plays Bach in the hunting-style Diana Room before a roaring fire. In a major faux pas I try paying for the drinks with East German currency, the sight of which evokes a somewhat pained expression from the waiter. Ever so discreetly, he informs me I will have to pay in "convertible currency" as this is a "Devisen" (hard currency) hotel. In short, East German currency is verboten even for tipping in this hotel.

Mr Froehlich assures us though that the Grand Hotel is "100 per cent Socialist". He explains that the "outward appearance and form" may be the same as in the West but that the earnings are distributed differently.

We have dinner in the hotel's Silhouette Restaurant which offers Malossol Beluga caviare at DM 94 and a 1976 Chateau Petrus Pomerol for DM 790. The view, though, clashes with the luxurious ambience. It is out to a peeling wall advertising the Democratic Peasants Federation. But the service is excellent here and throughout the Grand. East Germany has a top flight hotel school in Leipzig and only the most successful graduates make it to the best hostelries.

But what does a jaded businessman do in East Berlin in the evening. There's plenty of good opera and theatre but night life tends to be low key. Those who seek the fleshpots must insist on a multiple entry visa so that they can visit West Berlin and get back to their hotel in the East.

The Grand has several special programmes available including a tour of the lakes and waterways in East Berlin on the hotel's yacht as well as excursions to Dresden and Meissen. We take our own tour though and on returning to the Grand a hotel employee approaches in the lobby to inform us in German that we cannot go upstairs. It's embarrassing all right but on learning that we are hotel guests she excuses herself profusely. The incident is a reminder that although Westerners are given red carpet treatment here, East Germans with their soft Marks are not.

● Grand Hotel, Friedrichstrasse 158-164, DDR - Berlin 1080
Telephone 20 92 22 20
Telex 11-5198 Grabo DD.

Leslie Colitt

BRIDGE

THE BRIDGE world has been impoverished by the death of Lewis Ellison. He was a great player, highly respected,and a very close friend of mine. We played together in London and in various parts of the world. We start with a rubber from a London club:

N
♠ A J
♥ 10 9 8 7
♦ 8 7 5 3
♣ 10 7 4

W
♠ K 6
♥ Q 6 5 3 2
♦ A Q J 9 2
♣ 6

E
♠ 9 8 4 2
♥ -
♦ K 10 6 4
♣ K Q J 9 3

S
♠ Q 10 7 5 3
♥ A K J 4
♦ -
♣ A 8 5 2

At game all Lewis dealt in the South seat and bid one spade, West overcalled with two diamonds, I passed, and East said three diamonds. South now rebid three hearts, West passed, and I raised to four hearts. After two passes West's double brought the auction to an end.

West opened with the ace of diamonds, which was ruffed in hand, and declarer returned a spade, finessing the knave on the table. When this held, he led dummy's five of diamonds and ruffed, returned to the ace of spades, and ruffed a third diamond. Now my partner cashed his ace of clubs - this was important, for West was clearly short in clubs, and if he helda singleton, it might be fatal to give him the chance of discarding it. Then the spade queen was played, West ruffed with his queen of hearts, on which dummy let go a club, and returned a heart to the ace, now singleton.

The contract was at this point secure, for dummy's three trumps were masters, but Lewis led the 10 of spades,and when West ruffed, threw dummy's last diamond. He claimed the three hearts and conceded one club.

My partner was pretty sure that West held five trumps and planned a dummy reversal from trick one. He made seven trump tricks, two spades and one club.

We fly to Portugal for Open Pairs:

N
♠ K J 4
♥ 6 4
♦ 7 6 5
♣ J 8 7 6 4

W
♠ A 9 7 6
♥ K J 9 8 7 3
♦ Q
♣ A 10

E
♠ Q 10 8 2
♥ Q 2
♦ A 9 3
♣ 9 5 3 2

S
♠ 5 3
♥ A 10 5
♦ K J 10 8 4 2
♣ K Q

With neither side vulnerable, North dealt and after two passes South bid one no trump, I doubled with the West cards, and everyone passed. North might have bid two clubs over my double, but surely South should have rescued himself with two diamonds. Perhaps he thought we looked easy meat.

I opened with the eight of hearts, the queen won, the two was returned to the 10 and knave, and a third heart cleared my suit. On this trick Lewis threw the eight of spades, and when the club king was played, which I captured at once, he followed with the three. I ran my three hearts, on the first of which Lewis threw his two of clubs,and on the second the five.

Now I knew that the club suit was a frozen asset - it was blocked - so at trick eight I was able to lead a low spade. Dummy's knave was played, East won with the queen and returned the 10, which I could duck without fear. The king won and a diamond was returned from dummy. Lewis won with his ace, switched to the two of spades, allowing me to make nine and ace and beat the contract by four tricks.

How pleasant to play with a partner who makes things easy for you.

E P C Cotter

Stuart Marshall reports on 25 years of Car magazine, the first motoring publication to tread on the toes of the major manufacturers

Driving off the opposition

BREAKING THE mould has become a tired old political cliche, but it describes what Car magazine did to specialist motoring publishing. Until Car came on the scene 25 years ago in 1962, the weekly and monthly journals tended to be more deferential than critical, though they were not as bad as they had been ten years earlier.

Perhaps it was all due to the shortage of cars in the post war period. In the early 1950s the British manufacturers could have sold every car they produced several times over. Waiting lists were counted in years, not months. Discounts were unheard of and imports as scarce as the domestic product.

Critical road tests of almost unobtainable products would have horrified magazine advertisement directors. I doubt that the readers would have had much patience with them either. They wanted to be told that the car for which they had put their name down months or years before was everything they hoped it was going to be.

To be sure, the ashtray might have been better placed or the interior light brighter. That kind of comment they could take. But to be told that the object of their longing cornered like a runaway milk cart and had the ride comfort of a tumbril? They did not want to know. A road test of a top-class car like a Bentley in those days was an exercise in forelock tugging. Everything about the car's design and performance was wonderful, though some features were even better than the others.

I used to buy "Autocar" every week then. I can still recall the surprise with which I read its road test of the first Vauxhall Victor. Some readers may remember the car. It had chromium plated bosoms on the bumpers, a knee-cracking wrap around windscreen and body sides that appeared to have been inexpertly repaired after a nasty accident. It was a car no honest observer could have helped being rude about and "Autocar," by the standards of that time and to its everlasting credit, savaged it. The shock waves must have rattled around Luton for months.

That, I suppose, was 30 years ago. To the best of my recollection the article was a one-off. It certainly did not start an immediate trend for warts and all reporting on new products in the establishment motoring weeklies.

For that kind of no-holds-barred writing one had to buy "Motor Sport." Largely the work of one man, Bill Boddy, it had many eccentricities. An article might start on page 13, be continued on page 65 and then end on page three. Design was non-existent. The pages were grey slabs of small type, unrelieved by cross heads or even breaks for paragraphs.

It was a dreadful publication to read, but the quality of the writing made the effort worthwhile. Motor Sport's account of Stirling Moss's win in the Mille Miglia, written by Dennis Jenkinson, who rode in the car with him, is the finest thing of its kind I have ever read. Its editor had a long love affair with the VW Beetle, later discarded in favour of the Mini.

Manufacturers whose products were criticised regularly withdrew their advertising and Motor Sport published their letters for all to see. When "Car" magazine burst on the scene it started in the way in which it meant to continue, raising hackles and gaining readers by being outspoken.

It was - and is - produced on a shoestring by a small organisation and has been edited for most of its life by a succession of young men, mainly Australians, who bubble with enthusiasm for all things four-wheeled.

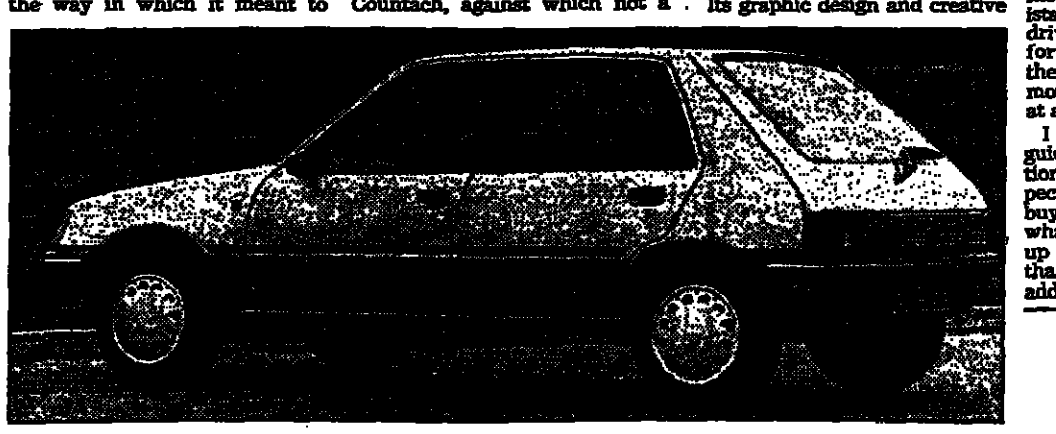
They go over the top now and again with six-page pieces on drives from Italy to England in impractical and irrelevant machines like the Lamborghini Countach, against which not a breath of criticism is made. Its contributors are idiosyncratic to a man but difficult to ignore and mainly a pleasure to read.

"Car's" tendency to yell scoop! every month it publishes fuzzy snatched pictures of still secret new models can grate a bit now and then. But its habit of printing all the facts it can get hold of, plus some intelligent guesses, about forthcoming products of the world's motor industry makes for good reading and raised blood pressure in some boardrooms, I have no doubt.

Its graphic design and creative photography have been universally admired and as widely imitated, which may pose a long term threat. "Autocar," for example, now with an ex-"Car" editor at its helm, is starting to look like a weekly edition of "Car" itself, though it lacks its mentor's style.

Will "Car," and for that matter many other motoring magazines, survive the next quarter century? I suppose the sporting, rallying, classic car and do-it-yourself enthusiasts will always have to be catered for. But equally, more and more of today's motorists care little for the cars they drive except that they be comfortable and trouble free. Are they the sort to buy specialist motoring magazines regularly, if at all?

I doubt it, though the buyer's guide type of monthly publication seems to have good prospects. The average car user may buy only one copy a year to see what is available, but they add up to a bigger potential market than all the motoring enthusiasts added together.



REVISED versions of the Peugeot 205 - the SR five-door is pictured - go on sale next month without any price increase. Since its launch in 1983 more than 2m have been made. New petrol engines in most models are lighter, more powerful and easier to maintain and the interiors have been revamped. The 17 different models range in price from £4,745 for a fairly basic 954 cc, four-speed XE three-door to £10,680 for a pretty convertible. Over 22 per cent of all 205s sold in Britain are diesels, which is about four times the national average.

Country Property

• PROPERTY •

Towards the Marches

Just out of London commuting range ... John Brennan surveys Herefordshire's country house scene.

HEREFORD HAS never been a very *county* county. The lack of really big estates has meant that there are few families that seem to have been there forever, so *the locals are friendly and it's* easy to fit in.

Philippa Keeble is an enthusiastic promotor of the border country of Hereford and Worcestershire. An incomer herself - although, unlike most of her customers at Knight Frank & Rutley's office in Hereford, she is from Yorkshire rather than the south east - Keeble is on firm ground when she argues that "Hereford is still better value *than Gloucestershire. People* looking for a country house are much more likely to find a fine house with five or six bedrooms and a bit of land for £200,000 or so here."

The extra miles from London help explain much of the price gap. As the fastest rail service from Hereford to London is a full three hours it is beyond any rational daily commuting range.

There are a few people from the far more accessible business centres of the West Midlands moving in. Colin MacKenzie, regional director of Hampton & Sons' West Country Region, says that, apart from the buyers seeking second homes and those able to work from home, "there are now a large number of regular commuters to the Birmingham conurbation, so it is not only those working in Central London who are prepared to commute in order to enjoy the benefits of living in a rural environment."

Hereford is no suburb, but neither is it as remote as many London-bound people imagine. Completion of the M50 from Ross-on-Wye has linked the border country with the M5 and opened up a broad stretch of previously hard-to-get-to countryside; and since the InterCity rail services have cut travelling time between London and Newport to around 90 minutes, Hereford incomers who still need to make a run to London can do so after a pleasant-enough drive south through the tourist country of the Forest of Dean.

That said, the number of London exiles bidding for homes in the area is surprising, given the distances and travelling times involved. So who are they?

In Keeble's experience, "there are a lot of people who have retired early who are selling up in the south east and moving to a better house here, but there are also a surprising number of families with children, where they seem to be able to carry on with businesses in London quite easily."

Agents say there have been a fair few solicitors and other professional people among the new generation of Hereford home-owners, as well as business people using computer links to cut down the number of days they need to be physically based in offices in or nearer to London. Phillipa Keeble has seen "lots of vaguely arty people. It seems that you don't have to live in a garret anymore."

There are also a number of people looking for the good life, people who get a goat and who have dramatic plans for the vegetable garden. One other reason for a relatively restricted price range for country homes is that neither Hereford nor Worcester have as many grand country houses as their southern neighbour, "royal" Gloucester.

"Most country house buyers are looking for properties in the £150,000 to £250,000 price range," says Phillipa Keeble. "Now you don't get many country properties under £150,000, but then again, there are not that many well over £200,000. Anything larger that does come on the market tends to get snapped up."

As a mixed and fertile agricultural area with a good number of middle-sized farms, the country residential market leans less upon the rectories and mini-mansions of the south eastern shires and more upon the supply of surplus farmhouses.

Unlike the orphan farm properties of East Anglia and many southern counties, these are not homes made redundant because of the grouping of a number of smaller farms into larger estates. The older houses tend to have been sold away from working farms as they became too large for the average post-war farming family. Yet the farms themselves are for the most part still profitable.

As Keeble says, "the farmers are still driving around in their Range Rovers." And as Savills' Hereford office notes, since Herefordshire does have the third largest proportion of Grade 1 land in the UK (after Lincolnshire and Lancashire), "investors can expect a highly respectable yields" from commercial farmland.

Still, buying demand for family farms has ensured that residential values now loom large in any analysis of local land worth. Savills reports that quality bare land in the county with good access now sells for £1,500 to £1,800 an acre. But the premium for amenity farms is such that, on market evidence over the past year, a property with a period main house that has scope for improvement and which has between 50 and 200 acres of land attached would now be worth anything from £2,000 to £3,600 an acre.

Since the local government reorganisation of 1974, Herefordshire and Worcestershire have been run as a single authority. But redrafting of the county lines leaves the Malvern Hills as an indistinct border between the farmlands of Worcester's Terne and Severn valleys and Hereford, with its wooded hills around the central lowlands of the Wye Valley, and the higher barons' castle country along the border with Wales.

Given the appeal of the countryside here, selling a three bedroom house in Fulham for the price of a country home in a few acres in the Wye Valley sounds an good exchange, particularly if there's £100,000 or so left over after the London sale. But for the real bargains, the agents suggest town houses in Hereford itself, or country properties just across the border in Wales.

You can still buy Victorian or Edwardian family houses in and around Hereford itself for £40,000 to £50,000, and the £250,000 farmhouses of southern Hereford and Worcester - which are now selling for between 20 and 25 per cent more than they were a year ago - can be £100,000 cheaper in the less accessible northern parts of Hereford, around and beyond Leominster.

That discount for distance may not last long. As Savills says: "The Ledbury and Ross-on-Wye areas have the widest appeal. However, we anticipate that values are more likely to even out and the northern part of the county around Leominster will to some extent catch up when the north-south Hereford by-pass has been created."

Price-conscious buyers willing to cross the Welsh border can find even better value but, as K F & R say, "the border appears to be forming a psychological barrier. Though queuing up for cottages and houses in Hereford just a few miles into England, buyers cannot bring themselves to look a few miles further west if that is going to give them a Welsh address." The extent of this price differential is illustrated by the agent's recent sale of a fully restored four bedroom period farmhouse in four acres of gardens and paddocks near Brecon for £85,000, comparing that with a similar property across the border: "In Hereford it would have been priced between £120,000 and £130,000; in Gloucestershire at £160,000 to £170,000."

THIS IS THE start of the viewing season for determined second home buyers as the winter weather begins to deter the less hardy from making weekend trips out of town. Estate agents generally have more time to show people round at the end of the year, and as the summer queues of would-be buyers and window gazers thin out there's normally less pressure to settle a deal at or above the asking price, without a chance to really consider whether the *property* is worth it or not. Winter is also a better time to see whether the property that looked so good in the sun would be a mud-soaked trap out of season.

The Ipswich office of Strutt & Parker **(0473 21481) is, then, likely to get more prospective buyers and fewer time wasters by putting the three bedroom Fir Tree Cottage in the Suffok village of Earl Soham on the market now. It is a 17th century house extended in the late 1960s, part timber frame, part brick under thatch, with a secluded garden near the village church. Earl Soham is 18 miles north of Ipswich (fast 60-minute rail service to Liverpool St) and the agents expect offers around £180,000 for the freehold.**

Lies and damned lies

ONE OF the great joys of the pocket calculator is that it has empowered forecasters to extrapolate themselves into fantastic extremes.

Calculators in the hands of population experts in the years after the Great War would have resulted in Government Health Warnings on every marriage certificate. And if everyone had been able to find the means of calculating the forecast value of housing in Britain in the period of deflation in the early 1930s there would have been no sales at all as prospective buyers hung on until the mid-1940s, by which time - on a straight extrapolation of price movements at the time - builders would have started paying people to move into their homes.

But the fact that extrapolations of current trends invariably lead to eccentric conclusions doesn't always invalidate the effort. In the case of the relocation group Homequity, its recent number-crunching exercise taking the rate of house price increase in six areas of the country and applying the same rate of increase to the next ten years, does at least help to underline the North South price divide: for the effect of the figures as they stand is to quadruple the gap between property values in the south and north by the end of the century.

The most striking illustration of its theme comes in the comparison between a two-bedroomed terrace house in Yorkshire worth £20,000 today and a similar London property priced at £85,000. On its ten-year rerun of the 9 per cent annual price rises in Yorkshire and 25 per cent rise in London the northern terrace would cost £47,347 in 1997 and the similar London property would cost £791,624.

On the same basis a four-bedroomed detatched house in Tyneside costing £51,500 today would be worth £121,919 in 1997. The same property costing £165,000 in London would be costing £1,536,680 by then, and, as Homequity says, figures like that would have "serious implications for job mobility."

On the other hand, calculator in hand, it is possible to see what happens if one injects a little more immediacy into this kind of direct line.

Over the past ten years site values in London Docklands have risen by roughly 1,000 per cent. Following the logic of this forecasting method through to 1997, an acre of building land on the Isle of Dogs would be worth roughly £3bn. Now that's a figure that would bring tears of joy to the eyes of developers currently holding Docklands landbanks. But it is not exactly probable, since, as Homequity notes, first-time buyers would be quite unable to afford properties in the south east.

Taking Hertfordshire as an example, the company notes that "pay packets will fall far behind house prices, with the worst house-price-to-income ratio today, which is 5.7 in Hertfordshire, rising to 11.8 in the same area."

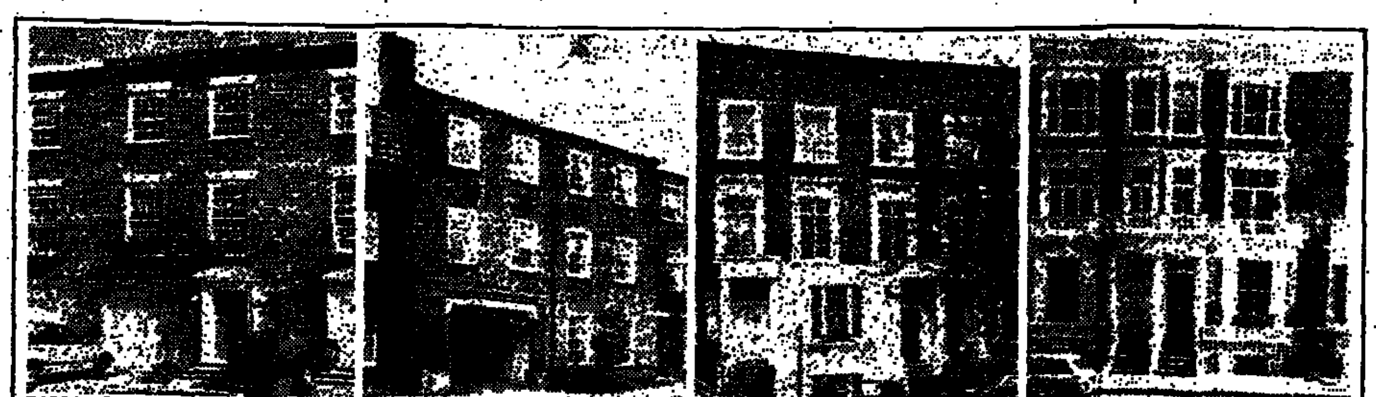
Clearly, if price rises do follow this unchanging pattern, before the end of the century all of Hertfordshire's semis will have to be bought by two or three couples all borrowing at least three times their joint salaries and, no doubt, having to use the kitchen and bathroom on a strict rota basis.

On the other hand, the geographic imbalance in the rate of property price increases could change, and the gap become less headline-catching than the "insurmountable" chasm that Homequity warns of.

J.B.

London Property

LONDON — JOHN D WOOD & CO. — COUNTRY



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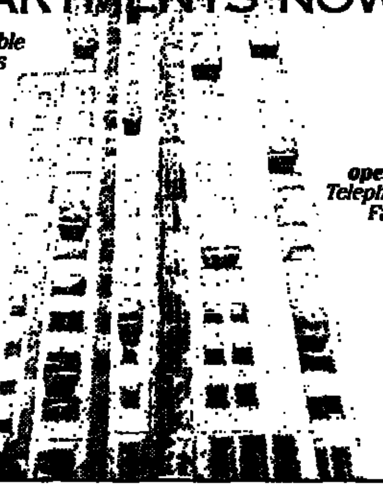

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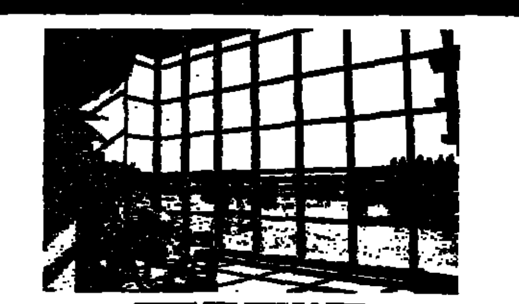

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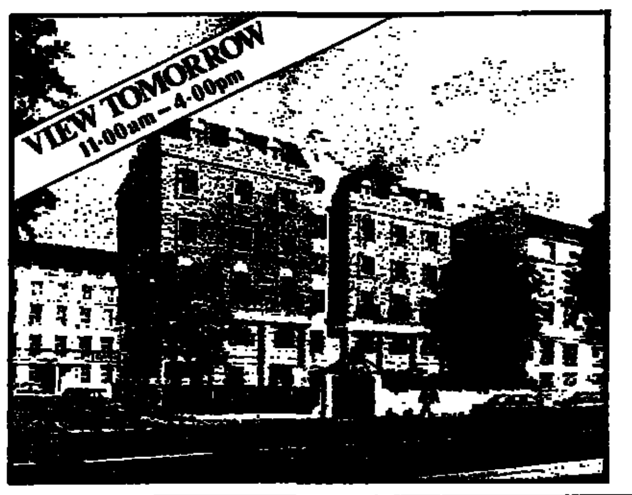

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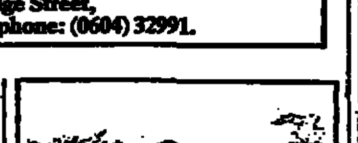

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The Scotney Castle landscape before the hurricane

Stop-gap measures

Arthur Hellyer views the hurricane damage to Scotney Castle and the restoration planned

THE SADDEST sight I have seen since the October hurricane is the landscape garden of Scotney Castle at Lamberhurst, Kent. This was created 150 years ago by Edward Hussey who was then living in a 17th century villa beside the tower of a 14th century castle on a moated island in the valley of the River Bewl.

It was a lovely spot but damp and uncomfortable so he decided to build himself a fine new house on the crest of the valley and then partly dismantle the old villa to use it and the tower as ruins in a carefully composed landscape.

All went according to plan, planting was carefully considered and the result was the kind of idealised romantic landscape that a painter might have conceived. The quarry near the top of the valley from which stone for the new house was obtained became a spectacular rock garden and a stone balustraded belvedere or look-out was built immediately above it, from which the garden in the valley below could be enjoyed.

Though the ruins were the focal point of this contrived landscape the planting was of great importance in providing it with a deliberately dramatised setting. Most of it was with rounded native trees and, at a lower level, shrubs continued these generally billowy outlines. Just a few trees were placed quite close to the centrepiece to strike a dissonant note. To right and left there were several gigantic dark green columns of incense cedar and, placed centrally beyond the ruin and a little way up the far side of the valley, there was a single Lebanon cedar which produced its characteristic wide-spreading, flat-topped shape.

These trees, with the ruins and the moat, gave this marvellous garden its special picturesque quality, making it, in the eyes of many, the most beautiful man-made landscape of its type and period. The hurricane blew them all down and so removed major strokes from Edward Hussey's composition.

Scotney is a large estate full of fine trees, thousands of which were also laid flat by the hurricane but enough remain to provide the essential English environment in which Hussey worked. He also used some other foreign trees which played a subsidiary role and some of these have also vanished but none will be missed so much as the backdrop Lebanon cedar and the flanking incense cedars.

Yet in all this destruction there is a survivor which deserves comment and provides a small degree of rejoicing. For much of this century Scotney Castle was the home of Christopher Hussey,

Gardening

well known as the expert on the great houses of Britain, who wrote with such understanding about them in Country Life.

When he retired in the early 1960s his colleagues were at first puzzled what they could give him as an appropriate passing gift. Then they remembered the cedar of Lebanon which played such a key role in his garden and they decided to give him a replacement tree in case age or accident destroyed the original. The suggestion was that it might be planted a little beyond the existing tree, out of sight so long as the original survived but in a good position to serve a similar landscape role if the original tree disappeared.

When I saw the destruction that had occurred I immediately inquired after that stand-in and was delighted to hear that it was still there and doing well. It will be a considerable time before it plays the full role of its predecessor but at least it must be a quarter of a century along the way. What a pity we did not also give Christopher two or three incense ceders for a similar purpose. For some reason it never occurred to us that they too were vulnerable.

Scotney Castle now belongs to the National Trust and so it will be the very experienced experts of that organisation who decide what must be done. I expect they will take no risks and will set about replanting it as it was even though that will mean waiting at least two generations to get a comparable effect.

In their position I would almost certainly do the same but I have amused myself by considering what I would do were it my property and I had no responsibility to anyone else. I concluded that I would replant incense ceders but that not far away from them I would also plant a corresponding number of Leyland cypresses.

This might produce hoots of derision from purists who see Leyland cypress as a wholly vulgar man-made tree, not just an ordinary hybrid but a hybrid between two different genera which seems to make it even more unnatural. My reply would be that Scotney Castle has a man-made landscape so it is not out of character to use man-made plants if they produce the right effect. Leyland cypress grows at least twice as fast as incense ceder and in the Scotney environment would easily add 4 ft to its height every year. In 10 years the trees would be making a significant contribution to the picture and in 20 years they could be felled, leaving the incense ceders to take over.

Leyland cypress has the required dark green colour and is almost the right shape though a little too broad at the base and too tapering at the top, a slender cone rather than a column. That is why it would not do for permanence; but it would make a very useful stop-gap.

Sally Watts looks at legislation planned to protect a unique British heritage

The land we all have in common

THE GOOD news is that if legislation goes ahead as expected, we shall have right of access to our unique heritage of one and a half million acres of common land.

At present, only about one fifth of commons are legally open to the public. The somewhat surprising news is that after two years of hard discussion and bargaining, 21 diverse organisations on the Common Land Forum, representing farmers and landowners, conservation and recreation interests and local government, have reached agreement.

The forum was set up by the Countryside Commission, the Government's statutory advisors, and its recommendations formed a report on which the new Commons Act will be based. Legislation is expected to be announced in the nextQueen's Speech.

More sobering is the news that, following the DoE's consultative paper, a number of organisations, though agreeing in principle with the proposals, have serious reservations about particular areas of activity; for example, grouse shooting, the protection of rare birds and management of reserves, and the future of enormous grazing commons.

There are no commons in Scotland. Only England and Wales have this remarkable historic legacy, ranging from village greens to vast upland pastures. Ten per cent are in national parks.Also included are the Chilterns, the Norfolk coast, Surrey's heathlands, Epping, Ashdown and the New Forest, Oxford's huge Port Meadow and more besides.

Commons are owned by individuals, companies or councils, but by long tradition others - commoners - have rights to graze, collect wood for fuel or repair and bracken for animal bedding, cut peat, fish and take such products as gravel and minerals. Wildlife sanctuaries, archaeological features and variety of landscape are commons characteristics.

Common land is now at a critical stage in its history, which makes action imperative. This is partly the result of changing uses of land, especially agricultural land. The Association of County Councils suggests that the amenity value of a grazing common is likely to rise if grazing herds diminish and leisure increases.

Again, some commons are suffering from neglect and a lot of land is in limbo. Most important, though, commons are increasingly threatened by development, afforestation and intensive agriculture - and high prices tempt owners to sell. Some have already been sold and de-registered, others are likely to be lost, a result of the 1965 Commons Registration Act, which contained loopholes making it possible to "manipulate them off the register," according to the Open Spaces Society. OSS is eager to see the new law introduced, fearing that time is short.

The forum's report, Common Cause, contains legislative proposals covering three main benefits. The first is protection against encroachment, with land on which common rights have been given up becoming "statutuory common land" and remaining on the register. Unclaimed commons (ie with no known owner) would be vested in the local authority or the national park authority.

Second is access for all, on foot for quiet enjoyment (with informal horse riding where suitable) but with necessary restrictions to protect young trees, lambs and sites of historical or scientific interest, notably nature conservation. Village greens, probably the best-known common land, would continue to be used for sports and pastimes.

Third is the introduction of practical, on-the-ground management by owners, commoners and local authorities, who would have five years to form management associations and develop workable schemes.

The report outlines schemes for both grazing and amenity commons. Each would aim to balance public access with agricultural rights, care of wildlife and other interests. Good management will ensure that commons are no longer used as rubbish dumps in urban fringes, where they are seen as wasteland. They will not be over-grazed, nor allowed to become impenetrable from under-grazing and overgrowth.

The Nature Conservancy Council would like scrub to be cut back on sparse southern commons and grazing re-introduced, with fencing on roadways by agreement with the DoE and management associations. "A fair and reasonable package," says the National Farmers' Union, which represents commoners, of the proposals. They welcome the prospect of "orderly, well-planned management to bring under control things that have got out of control."

So far, so promising. But there are genuine anxieties. At least two groups, the Country Landowners' Association and the Royal Society for the Protection of Birds, fear their members may be "swamped" on management associations.

"There must be a balanced membership of commoners and owners," the CLA stresses. They are concerned about management of vast acres of unfenced tracts of grazing land that are crucial to farms, and the effects upon them of public access. Will it inhibit grazing? How many wardens will be needed? Will sheep rustling occur?

Wildlife protection is another sensitive issue and the Royal Society for Nature Conservation advocates permanent or temporary restiction of access in certain cases, such as to prevent trampling of flowering orchids or disturbance to rare breeding birds.

Similarly the RSPB, which is anxious about losing control of their own reserves on commons, fear that open access would make it difficult for them to protect rare species such as the colonies of terns on the north Norfolk coast. Disturbing these birds while nesting is an offence. Again, some northern commons, including Morecambe Bay, also contain rare birds - curlews, for instance - that should not be disturbed.

A third obstacle involves grouse breeding and shooting. The Moorland Association represents 600,000 acres of heather moors in Cornwall, Devon, Wales and up to Hadrian's Wall in the north. Of these, roughly two-thirds are common land, criss-crossed with rights of way. The moors are intensively managed for sheep grazing, grouse rearing and breeding rare birds - golden plovers, curlews, wild-fowl.

Members support the forum's aims for better access and management and think that footpaths, at present covering about 10 miles, could be extended. But they are sure that open access is impractical.

Several organisations consider that the MA has a sound economic case. Grouse provide seasonal employment and attract enthusiasts paying up to £500 to join a shooting team. Much of this reverts to the moors for upkeep and conservation.

In common with other concerned groups, the MA is talking with the DoE and the Countryside Commission to find solutions. The poet Oliver Goldsmith has celebrated the earlier significance of common land: "A time there was 'ere England's griefs began/When every rood of ground maintained its man."

In 1958 a Royal Commission described commons as "this last reserve of uncommitted land in England and Wales." Most people will hope that as much as possible of our commons will be enjoyed and cared for by everybody.

● Countryside Commission, John Dower House, Crescent Place, Cheltenham, Glos, GL50 3RA. Open Spaces Society, 25a Bell Street, Henley-on-Thames, Oxon. RG9 2BA.

Sheep may safely graze...a traditional right on common land

Complete fabrications

ON NOVEMBER evenings all good gardeners are supposed to put away their leaf-rakes and retire indoors to read about yet more gardening and lay plans for the coming year. They settle down to a good gardening book and are assumed to draw their curtains on the darkening world. It is not difficult to find the book. The bother is not the book: it is the curtains.

If you have an eye for flowers, you can only wonder what modern fabric-designers think they are doing. This year, I have been trying to choose flowery curtains for the room in which I usually write these articles and I have found it much more difficult than choosing a new tree.

I had always thought of English taste as steering an independent course away from German functionalism and the Americans' beastly frills and cafe-blinds: in matters of taste, Transatlantic meant over the top.

As a gardener, all I want is a fabric whose flowers look like flowers and whose pattern is not a cringing revival of the 1950's chintzes with which I grew up. I began by asking our major London shops. Their well-spoken shop-girls behaved as if I had surfaced from another planet. Why could I not shut up and buy Laura Ashley's idea of a blue-flowered carnation, a curious posy from Coloroll or one of the shop's own designer fabrics?

No fabrics are more famous than Colefax and Fowler, but I was nearly panicked into choosing some lurid purple foxgloves or a splodge called the Brook II collection whose plants had blue or bronze leaves and whose flowers looked like pink cubes. After a long search, we did come up with some passable bindweed on a brown background, but I really cannot face seeing the old enemy all over the windows too. In Osborne & Little, it was felt that the Rosa Mundi pattern would be just the ticket. However, half the flowers look like carnations with prickles; no Rosa Mundi was ever yellow; I would have fretted for hours at the sight of these botanical oddities.

Do fabric-buyers not know, or care, what flowers look like? If you know anything about roses, you cannot live happily with a Baker chintz of blue-flowered impossibilities. Nothing else is redesigned so ignorantly. You probably know those cosy old chintzes with sporting scenes, which somebody is no doubt about to revive as a "back to the Fifties" gesture. Who would think of showing the horses in blue, the foxes in yellow and the trees in pale mauve?

No shop was going to solve my problem, so I tried a few interior designers. Half-heartedly, they came up with two suggestions. One recommended a pattern called Flower Ribbons from Monkwells. The ribbons triumphed over the flowers, whose roses had black centres and brown surrounds and kept uneasy company with some aborted anemones. Another idea was the Dovedale Country Garden Collection, designed by an expert in dried flowers. The pattern-types are camellias, but the leaves are blue-green, the flowers tend to have tubular centres and a bicoloured combination of rust-red and brown. Not even a dead camellia looks so decadent.

At this point, I remembered the violets. Once, beneath a Cambridgeshire bedspread, I had slept contentedly beneath well-rendered bunches of Viola odorata against a white background. By now, I had been recommended to Dido Farrell Designs, 140 Battersea Park Road, London SW11: at last, somebody saw the point of my request and had the range and taste to deal with it. The violets have been enjoying a fashionable second life. Ramm & Crocker of High Wycombe has revived the pattern, but something has gone wrong with my memory or the reproduction, as the bunches now come in just the wrong shade of reddish-purple, the violets have lost their definitions and the result is as maddening as a periwinkle with only two petals.

Violas were out, but what about tulips? Thorpe & May of 35-7 Parkgate Road, London SW11, is a small firm with a better idea of what a parrot tulip looks like, but I still wished that the flowers had not been hanging their heads when the designer imagined them. Dido Farrell recommended a good anemone, iris and passionflower on patterns from the Design Archives, 13-14 Margaret Street, London W1, a recent venture which is putting careful research into old patterns. Their Garden Party and Appassionata were too possible, and I might have compromised with clover and a yellow lilac if I had not found the answer on a roll at the bottom of the pile.

Called Botanical Garden, it is true to a gardener's ideas. Its pattern does justice to a pink Colchicum and some spotted Lilium speciosum. You could not quarrel with its flowers from a Judas Tree or its rendering of Prunus tomentessa. The makers are Rich & Smith and the price is £17.50 a metre. The designs, yet again, have not come from direct observation, but they are true to early botanical prints. They do look like flowers which you and I love and try to grow.

Triumphant at last, I was thinking of writing an article called the Englishman's Curtains. The idea, I can reassure you, vanished when we started to unroll the pile. True to an Englishman's eccentricities, the pattern was stamped quite plainly "Made in America."

Robin Lane Fox

James Buchan investigates The Streak

You lose some and...

DESPATCHES • New York •

UP ABOVE 116th Street, they call it The Streak and it never ends. For four years, Columbia's best athletes have spent their autumn Saturdays eating the dirt of American football fields all over the eastern US. Since October 15, 1983, Columbia University has not won a varsity football game, not at Baker Field on the northern tip of Manhattan, not at Yale or Princeton, not anywhere.

New York City chews up losers and these young men are sometimes so down that it shows. "When you work out in the gym," one player said in the summer, "sometimes you don't want to tell people you play football when they ask questions. You keep quiet." The cheerleaders look frazzled. The team has had three coaches in three years.

As The Streak goes on, way past Northwestern's 34-game record, Columbia itself has lost its poise, for this is one of the world's great universities, a haven for independent research and liberal opinion. But it is still a university in America and in America football matters. It matters, too, when talented applicants or likely benefactors are reading in the Washington Post: "Columbia is to college football what salmonella is to frozen dinners."

Last Saturday, as a 41st straight loss brought the college football season to a merciful close, the campus was humming over a story in The New York Times that Columbia has already cut corners to compete with the seven other Ivy League schools.

Since 1985, the story revealed, Columbia has been allowed to drop its high academic entrance standard 5 per cent to bring in some football players. "We have nothing to hide," says Mr Roger Lehecka, the Columbia dean of students. "It's not in the League's interest to have one school lag so far behind."

However, Mr Mark Philippson, a third-year student, told The Times. "The move is stupid and it shakes me. We should leave that to Oklahoma. We're not a football factory.

Columbia is certainly not a football factory. It has been losing off and on for 40 years. Athletes have rarely felt at home and were downright unpopular in the radical 1930s and 1960s. In the US, competition for student athletes is intense, but Columbia awards no sports scholarships and its academic standards leave athletes no place in the curriculum to hide.

New York is expensive, summer jobs can be hard to find and the sleaze and peril of Morningside Heights can deter even twenty-stone, six-foot-eight footballers. George Abney, a lineman, chose Columbia over Cornell only after his mother flew up from Florida to check the campus for safety.

So why does Columbia punish itself every autumn? Why not drop first-division football altogether? Distinguished schools such as Georgetown and the University of Chicago rattle about quite happily in the basement of college football.

But Columbia does not want to give up. While the college has raised no less than $522m from its old students in the last five years, Columbia admits that a strong football team might have made the task easier.

Mr Lawrence Wien, a New York real estate developer who helped pay for a new stadium at Baker Field, told the Columbia alumni magazine: "I don't think Columbia can be a full-fledged member of the Ivy League if it doesn't have a football team."

Sometime next year, The Streak should end. Last Saturday, on a freezing field in Providence, Rhode Island, Columbia's team played their best football since they beat Yale all those years ago. They lost, to Brown, 19-16. But the winning touchdown came just 47 seconds before time and the other measures of success in this statistically-minded sport - yardage or completed passes - were in Columbia's favour.

"We've finally turned the corner," said Mr Larry McElreavy, the team's current coach. "I think we're all feeling something Columbia hasn't felt in a long time."

Next autumn, the varsity team can draw on the special recruits from the lower admissions standards. Already 11 footballers have been admitted.

Mr Dave Anderson in The Times grumbles that the whole thing is unfair to the 11 brighter applicants who were bumped. But the freshmen team is the strongest in Columbia's history. They have not lost a game all year. As Coach McElreavy says: "By next autumn, teams are going to have to really buckle up when they play us."

Game of give and take

IN MY EARLY farming days I regarded myself as a member of the oppressed classes. I was a tenant and as such was not allowed the right to kill game, pheasants or partridges on the land I rented. I could, to protect my crops, shoot or trap rabbits or hares but the game was reserved for the landlord and his friends.

It was not that my landlords were particularly possessive but it frustrated me to see the birds eating my seed corn and to know that if I was tempted beyond endurance and did knock one off a row could follow. It was even worse if the shooting was let. Why should some city gent be able to get between me and a sport which I felt should belong to a real countryman?

Then I became a landowner myself of about 60 acres. This completely altered the situation and also my attitude to those who used to indulge in a little illicit shooting on the land which I had acquired. I no longer joined in their depredations.

But it is one thing to own a bit of land and quite another to persuade birds to come onto it so that they can be legally shot. The rich can rear their own but those of us on their boundaries had to tempt them to cross the fences. In this I had an advantage because the pheasant and other game birds too are feral under the law. They belong to the land where they are at the time and as long as I had a game licence I could shoot them.

There are many ways of inducing pheasants to migrate. A chemist once gave me some oils with which I was to soak my boots and then walk through the neighbours' fields or down a lane where pheasants were known to dust themselves. According to him the birds would troop after me like suicidal lemmings. He must have got it out of a book because they never failed to do so. By careful feeding and the provision of a bit of cover I did manage to find something to shoot most days. But it was hard going and my neighbours' keepers used to run their dogs through my strip when I wasn't there.

Country Notes

By the time I became a sizeable landowner myself I was too accustomed to allowing others to do my game rearing for me.I reared none but continued my old habits only on a much bigger scale. By keeping my farm as a good game environment and not too heavily stocked, birds used to find their way there without special help. In this I was greatly helped by the mass rearing now indulged in by many shoots.

In the old days pheasants were hatched off and reared by broody hens. These brought up their chicks until they roosted and were often turned into the woods with them until they settled. It gave them a sense of home and they seldom wandered far. Those hatched in an incubator and then turned out into pens have no homing instinct as had the hen-reared birds.

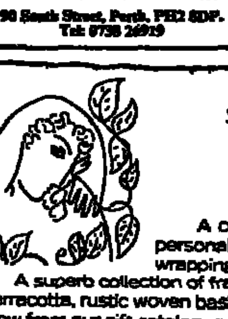
There were of course wild birds as well and I used to have enough to have a few pleasant days rough shooting with a few friends, using dogs to move the game and taking it in turns to beat or stand. Quite a skilled operation really and one in which one has to work with nature.

I haven't shot a bird for a couple of years now and dont really want to start again. In fact I don't like the noise and the smell of powder. It is not that I am against blood sports - it is just that I have lost the urge. But not altogether.

The other day I was on a farm where I used to enjoy my sort of shooting. It had all changed. There were beaters in uniform with flags, organisers with radio sets, marked posts for the guns to stand.The birds flew over fairly high and predictably, and busy ladies with dogs pick up the fallen.It was as well organised as a set piece battle, without an enemy to disrupt things.

I watched for a while and then the old instinct began to return. I could see an unwatched corner where a couple of cocks were stealing away. I saw too where a few strategic handfuls of grain scattered in a hedge bottom would tempt a few venturesome birds to leave home. If they were next door, I said to myself, I know how I would get them to come and visit me. Before I could allow myself to be tempted further I drove away.

John Cherrington



Saleroom

Print power

Anthony Thorncroft reports on the image of prints, which are now attracting higher prices in the salerooms

THE SALE of Van Gogh's "Irises" for $53.4m stole the headlines in New York this month but equally startling was Sotheby's auction of modern and contemporary prints which totalled $7m, with only 1 per cent unsold. Again it was the Japanese that saved the day, with around half the important lots going east, courtesy of the all-powerful yen.

The main one they missed was a portfolio, one of a hundred produced, of Matisse's "Jazz", which sold for $410,000, to a continental collector. The price summed up the extraordinary demand for prints, both Old Master, and, especially, modern. Only two years ago dealers were offering "Jazz" for not much more than $100,000.

Next week it is London's turn to wallow in prints. On Tuesday and Wednesday Christie's is holding sales, and on Thursday and Friday Sotheby's puts nearly seven hundred under the hammer. On Saturday the third London Original Print Fair opens at the Royal Academy for four days, with 26 leading dealers offering original prints, which are the original composition of the artist.

Quite why prints are so popular is hard to fathom. They are much cheaper than paintings for those desperate to possess an original Picasso or Rembrandt. *The Japanese find they fit more* comfortably into their homes than cumbersome pictures. There is also the Oriental desire to own something exactly the same as a neighbour, rather than the western obsession with the unique. And while the Japanese buy mainly modern prints, there is still a tradition among knowledgable continental and American connoisseurs to acquire the prints of those Old Masters, such as Rembrandt and Durer, who were active print makers.

Whatever the reasons, the prices for what, after all, should be similar images tell the story. This month in New York one of Picasso's most famous prints, "Le repas frugal", fetched $100,000(or £60,000 plus). In June Sotheby's in London sold one for £54,000; two years ago another went for £27,000: not a bad appreciation for a print which exists in over 250 copies.

But then Picasso, Matisse and Chagall (early Chagall rather than late) are currently the sought-after names, especially by the Japanese. The lower and middle ranges of the market have not enjoyed a significant price appreciation. Even Munch, one of whose less "Nordic" prints, "Madonna", sold for $250,000 in May, is a thin market, not yet bolstered by Japanese buying and therefore fickle.

The highest prices next week should be paid at Christie's, which has a fine collection of prints by German Expressionists. An early colour lithograph by Kirchner could go as high as £150,000: a similar print sold at Christie's in July for £165,000. This is a familiar story: one high price tempts out comparable prints and the market holds its breath to see if the demand is still there.

At Sotheby's the interest is in modern British prints. Just as the oils of British artists of the 20th century have been rediscovered so their prints are appreciating rapidly in price. In the summer Sotheby's sold a set of six by Christopher Nevinson for £22,000,which were valued at £5,500 in 1980. This "Futurist" school is already widely appreciated. Now attention is switching to contemporary artists. A Frank Auerbarch painting could cost £100,000: a rare set of six drypoints of nudes, produced around 1954 in his Royal College of Art days, could make £15,000.

Few collectors of modern prints also buy Old Masters, and the Japanese have only just started to take an interest. It is a quite different world, requiring great expertise in distinguishing watermarks and later refinements. The original work of the greatest print maker, Rembrandt, can, for example, range over two centuries.

Christie's is offering a good range of Rembrandts, some with the excellent provenance of coming from the Fogg Art Museum at Harvard: American institutions sell off their surplus stock with a businesslike bravado which *stuns* comparable British musuems. Sotheby's has a good run of etchings by Hollar, most of which should go for under £1,000, as well as eighty coloured engravings from Jacob de Gheyn's "The exercise of arms", depicting early 17th century soldiers. Sadly, the prints will probably be split up by the successful bidder, who will pay around £30,000 for them.

Anyone intrigued by prints should visit the Royal Academy Fair which offers over 5,000 prints covering five centuries from under £100 to £100,000. It has been organised by Gordon Cooke of Garton & Cooke, which will be showing the work of Robert Bevan as well as Nevinson and Whistler.

Setting aside the rapid price jumps of recent years for the finest quality prints there are still bargains among 18th century mezzotints and 19th century artists like Whistler, as well as contemporary artisis. And there is Matisse's "Jazz" to inspire the mercenary buyer. It was produced in 1947. In the early 1950s a New York dealer was offering for $400 the portfolio which sold in New York this month for $400,000. A hundred times price appreciation for a pleasurable work of art must be some incentive for browsers.

AS I was saying last week, part of the point of the hamper is the container itself. Choose them well and they go on giving lasting pleasure, way after the contents have been devoured.

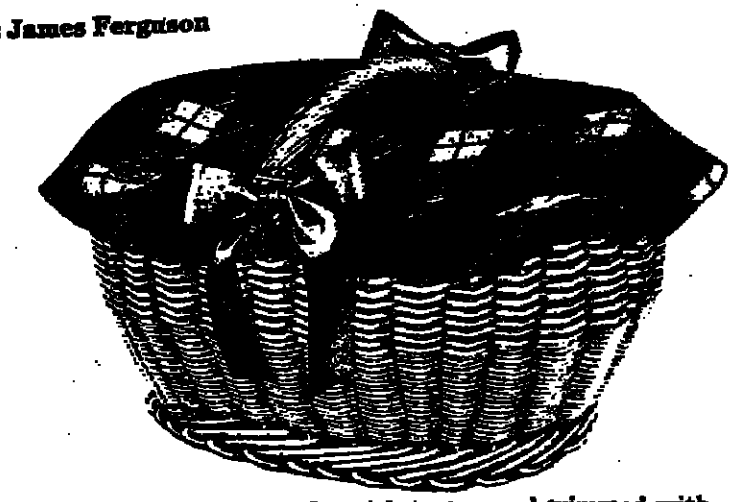
Remember, too, that hampers don't only have to be filled with delights for the stomach - some of the most welcoming hampers come filled with less obvious delights: delicious lotions and potions for bath and body, inconsequential frills and smells for house and home, crisp and useful accessories for office and desk, painterly effects for teenage faces. If you have the time and energy to put together a few hampers yourself this Christmas then here are a few suggestions- some traditional and classical, others less conventional.

LUCIA VAN DER POST

Wicker world of luxuries

Drawings: James Ferguson

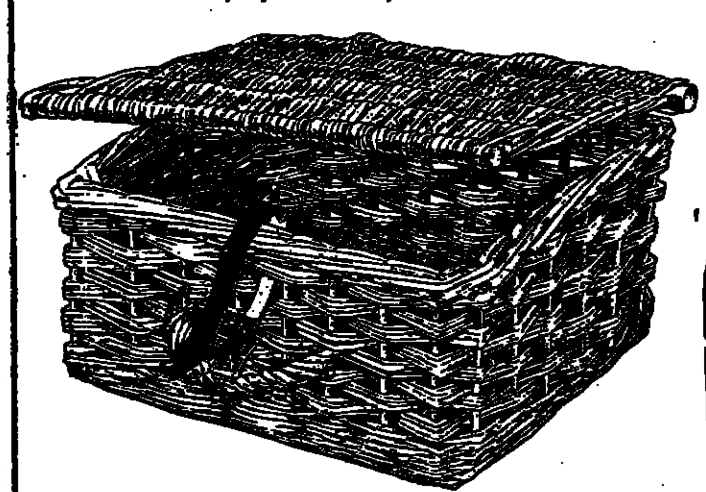
Grey white or black hat box from English Eccentrics, printed with one of their idiosyncratic prints(choose from faces or hands). £19.50, 155, Fulham Road, London SW3.



Picnic basket lined in Scottish tartan and trimmed with navy ribbons,£35 (p and p £5.15). 100 per cent wool Tartan tablecloth also available,£24.15 (p and p £3.30). From The General Trading Company, 144, Sloane St., London SW1.

Traditional Norfolk potato basket made from unstripped English willow, £15.95 (p and p £1.50) from Naturally British, 13, New Row, London WC2.

Pinecone rimmed basket from Indonesia, would make a good plant-holder afterwards, £15 from The Conran Shop, 81 Fulham Road, London SW3.



Traditional wicker hamper,ideal for picnics, £24.45 (p and p £1.50), from David Mellor, 4, Sloane Square, London SW1 and 66, King Street, Manchester M2 4NP.

Marvellously soft and relaxed tough black leather and canvas briefcase, beautifully finished, large enough to take some fine bottles. By Mandarina Duck, £195 (p and p £3.50) from Astrohome, 47-49 Neal Street, London WC2.

Food for Thought

IT IS difficult not to get a bit cynical about the displays of Christmas hampers which fill the food departments at this time of year. Beyond any residual carping about the commercialisation of the religious festival, there *is* their manifest unsuitableness for anyone you or I have ever met.

"Gifts" is of course a name for the kind of merchandise that nobody would ever buy for him or herself. But who could conceivably want to feast on the fantastic edibles that lie amidst the tinsel in those hampers - "The Chuzzlewit," "The Rottingdean" and so on? How about some shortbread petticoat tails, my dear, and a few capers in vinegar washed down with a glass of Ruby Port and one of Yugoslavian Riesling?

No thanks, I'd rather have a Big Mac or a baked potato. Aha, but that misses the point - hampers are not meant to be food, they are little unforeseen luxuries you wouldn't buy yourself.

So within these terms, what would I like to find in my ideal hamper? Money being of course no object, having noted the uniquely protective and insulating effects of £50 notes used as packing material, I will pass on to the contents.

Let me get booze out of the way first. No wine at all. Wine is for me to buy, for drinking with food at my place, so no wine. If there is to be drink (and there usually is) my choice would light on some of those French aperitifs that currently find no market in England. Suze to begin with: nobody's favourite drink, a bottle would last anyone for years, with its strangely medicinal flavour and complete lack of cachet. But I imagine myself uttering the unlikely words "Would you care for a Suze?" as I twinkle among the tall bottles. So Suze let there be, and Pernod 45, and Amer Picon and even Ambassadeur.

Now for the food. Apart from a little caviare for madame, preserved foods are always a bit dodgy, but some foie gras would be nice. Not pate de foie gras, which is just very nice pate, but the entire liver. Not - since I'm choosing - in cans, but in those big round glass bocaux, through which you can see it lurking, pink swathed in yellow fat.

Things obviously home-made by the donor can be wonderful - although only as good as the donor. Jam and marmalade by all means, and I have wanted for years to have a friend with a walnut tree who will pickle walnuts for me in wine vinegar instead of the acrid black fluid used for commercial pickled walnuts. Or a nice French friend who will layer the fruits of the summer in eau-de-vie as they come into season: I can dredge them out two or three at a time in their fragrant juice, to be eaten in a wineglass with a spoon.

What else? I should like some tins of nuts - things you never buy for yourself but which are life-saving when someone drops in unexpectedly and a bottle is opened. So let me have a variety of nuts - salted, in tins. almonds, cashews, pistachios, macadamia.

What else? Looped and twined and stuffed around these things, like tangerines in a Christmas stockings, I should like bulbs of garlic, preferably the pink kind that keeps a bit longer. To be honest, what I could really use poked into the odd corner would be truffles - not chocolate truffles, but the real thing: black truffles from the Perigord, wrapped in little screws of old *newspaper, preferably I suppose* "Sud Ouest."

The trouble with truffles is that they smell so very assertively. It wouldn't bother me and it wouldn't corrupt my jars of foie gras or my tins of nuts. But what would the postman and my Christmas guests - in-laws and tactless children - think? I have no doubt that truffles in cans and bottles will not do. They are quite nice and provide the little cubes of coal-black in one's galantines which look so serious. But they lack that overpowering smell of rot and damp earth that is the whole point of truffles and in the absence of that I'll not bother.

I think Christmas hampers are meant to be eaten fairly quickly, rather than filling the store-cupboard for a year, and I hope I have met this requirement - although the Suze may hang about a bit. I think I can rely on my wife to have raided the tinned nuts within a fortnight and foie gras never lasts in this household, so come the middle of January I'll be left with a lot of garlic on my hands. Nothing wrong with that. And it won't seem like a Christmas leftover.

Peter Fort

Trollope put to rights

"WHEN I WAS a very new MP," said Peter Walker, "Harold Macmillan told me he always had either a Gibbon or a Trollope by his bed. 'You can open a Gibbon or a Trollope at any page and begin to read with great pleasure, the writing is so beautifully balanced.'"

Mr Walker, now Welsh Secretary, has been a Trollopian ever since, and earlier in the year became a founder life member of the new Trollope Society. As such he will be among the first to benefit from a long overdue initiative - the first publication of the complete works of Anthony Trollope.

The Folio Society, this year celebrating 40 years of producing classics for members, is to publish the whole canon in a £500,000 undertaking over 12 years, and has agreed with the Trollope Society to use the Folio text in its own, unillustrated, edition. There will be four Folio volumes a year beginning in 1989, a personal triumph for Trollopian chairman John Letts.

Why there has never been a complete run of one of the three best Victorian novelists is a mystery, particularly when he was so well thought of in his time.

Nathaniel Hawthorne wrote that Trollope's books were "written on the strength of beef and through the inspiration of ale, and are just as real as if some giant had hewn a great lump out of the earth, and put it under a glass case, with all its inhabitants going about their daily business," and Americans have always held the books in special affection - there are three Trollope societies in the US.

Our Trollope Society came into being last March in an upper room of the Reform Club, with the contrivance of enthusiasts such as Sir William Rees-Mogg, chairman of the Arts Council and former Times editor, and now the Trollopians' president; Nicolas Barker of the British Library and editor of the Book Collector; and John Letts, who has taken early retirement as managing director of the Folio Society to be chairman of the Trollope Society. The objectives: "To encourage the publication of the complete uniform edition of the works of Anthony Trollope; and to promote a wider interest in the works and life of Anthony Trollope."

"The Folio Society had published the Barchester and Palliser series, but I knew nothing of the single novels," said Letts. "I discovered the unknown novels are of a much more saleable character than one would suppose. Novels like The Belton Estate, Ayala's Angel, Mr Scarborough's Family, Lady Anna, Rachel Ray - novel after novel of a very high standard, but not in series."

There are 48 novels, 36 of them singles. He scoured the London Library to find and read them and had almost got to the end when he found the first volume of My Cousin Henry was out. When called in it arrived with a card signed by travel writer J G Links: "Dear Fellow Member (of the Library), I am sorry for the delay in returning this but was half way through reading it to my wife. I think you will enjoy it - try Miss Mackenzie. Truly the Trollope barrel is bottomless."

The society writes to likely members almost at random. "We were surprised at their enthusiasm. We wrote to about 110 people initially and something like 75 said they would join."

What was also surprising was how many politicians still share Macmillan's taste. Among the first to sign on were Lord Peyton, former Transport Secretary; Lord Young, present Trade Secretary; and Leon Brittan, former Trade Secretary. Nor does high Toryism seem to be a prerequisite, for Liberal deputy leader Adam Beith has joined, as has Roy Jenkins.

The sometimes Byzantine plots of the novels appeal not only to politicians: Lord Perth, First Crown Estates Commissioner, is a member; Basil de Ferranti, chairman of the electronics firm; Sir Jack Hayward, the development mogul and philanthropist and journalist and wine expert Cyril Ray have all joined. A total of 250 have now been written to and 174 are members. Annual membership is £8, foundation membership for two years costs £70, £100 buys life membership.

When John Letts retired from the Folio Society after 15 years at its helm, having steered it from near bankruptcy to a financially healthy club with 40,000 members, making it attractive enough for printing giant Robert Gavron to buy it, his colleagues presented him with an ode which ends:

Though he may have wooed a Trollope,

(He could not resist a Trollope.)

We may end up doing Trollope,

Every year until we're old.

The Trollope Society is at 9a North Street, London SW4 OHN.

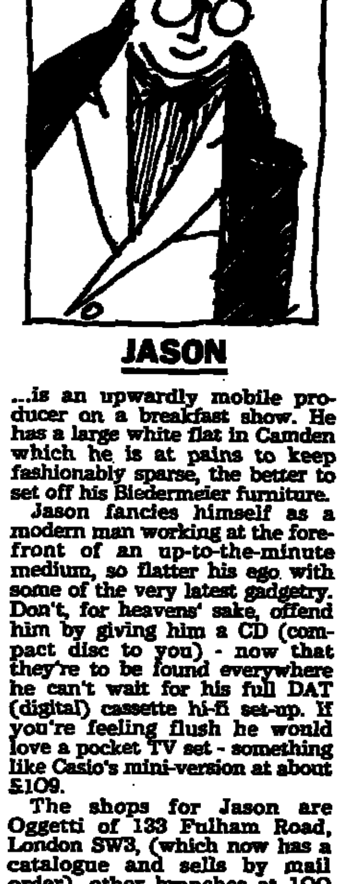
Simon Tait

It's the forethought that counts

HOW TO SPEND IT

Lucia van der Post

Christmas is coming...it always does. If, like me, all you've bought so far is the wrapping paper (lovely Victorian-style rolls £2.95 for 5 sheets) then maybe you need help. For those who think that only their relatives are difficult, here are some hard to please characters with suggestions for the sort of presents that might just bring a little gleam of pleasure to the eye on Christmas morning. So let me introduce you to ...Jason, Maggie and Graham, Charles and Susan.....



JASON

...is an upwardly mobile producer on a breakfast show. He has a large white flat in Camden which he is at pains to keep fashionably sparse, the better to set off his Biedermeier furniture.

Jason fancies himself as a modern man working at the forefront of an up-to-the-minute medium, so flatter his ego with some of the very latest gadgetry. Don't, for heavens' sake, offend him by giving him a CD (compact disc to you) - now that they're to be found everywhere he can't wait for his full DAT (digital) cassette hi-fi set-up. If you're feeling flush he would love a pocket TV set - something like Casio's mini-version at about £109.

The shops for Jason are Oggetti of 133 Fulham Road, London SW3, (which now has a catalogue and sells by mail order), other branches at 100 Jermyn Street, London W1, and 2 New Bond Street, London W1; Authentics of 42 Shelton Street, London WC2 and Astrohome of 47-49, Neal Street, London WC2.

He'd love almost anything from Oggetti (but be careful to check out what he's got) - in particular this year's "in" watch is the Aldo Rossi - you can choose from a fob version or wrist (more Jason I think). Both have that sleek, clean look so beloved of design circles. Made from stainless steel it is water resistant to 100 metres (better buy him a depth guage while you're at it), has a sapphire glass face and a black or tan strap (£395).

Hot name in torches is Maglite and even though Jason doesn't go in for roughing it, the Maglite has become such a cult number that he could happily leave it lying about his unchuttered flat as serious evidence of his ability to recognise excellence in industrial design. They're made from black anodized aircraft aluminium, the best size is 5.75 inches long, its light is 70 times brighter than other lights of the same size (£17.10).

His flat still isn't equipped with everything he needs and he could do with a really good lamp for his desk. The London Lighting Company, of 135 Fulham Road, London SW3 has just the job - made from nickel and brass, designed in 1929 in Sweden, it has the clean lines he loves and the functional effectiveness he so admires. From the tecnolum range, the SF27 is £244.65.

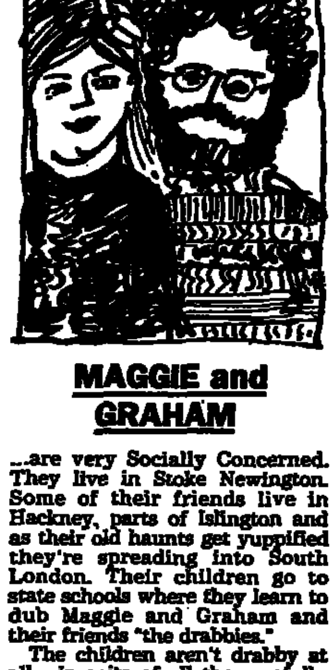
From Authentics Jason would love the smart Japanese all black desk set that fits together like a jigsaw puzzle and includes among other things a stapler, scissors, a knife, sellotape, and hole punch. It measures just 4 inches by 4 inches, £35.95. If he could do with something new chic and designerish to deal with the ritual of the morning shave then they hardly come smarter than the new Porsche black chrome pocket shaver - £99.95.

Fast Forward, 14a Newburgh Street, London W1 is another of the shops Jason loves. A haven for the newest, smallest, latest gadgets of every sort - look for credit-card sized gadgets and mini television sets. At Joseph Pour La Maison, 16 Sloane Street, London you could find him a combined calculator and notebook, the size of a credit card, all in black rubber for just £25.

At Malcolm Levene, 13-15 Chiltern Street, London W1 you could get him a set of very matt black "designer tools" - so beautiful they are good enough to leave lying around anywhere, £49 the set.

Jason is a very fussy dresser so you'd be wise to approach the buying of clothes with deadly caution. Almost anything from Paul Smith of 43-44 Floral Street, London WC2 would go down well, but if in doubt just give him a fistful of socks.

He'd love a chic piece of luggage for those whizzy overnight stops that will surely soon come his way. A smart black Mandarina Duck case, all ribbed rubber and canvas, very bendy, very trendy, at £160, would be fine. And he'd appreciate a proper espresso coffee machine, £59.50 from Butlers Tea and Coffee, 26 Rupert St, London W1. Mail order available, £5 p and p.



MAGGIE and GRAHAM

...are very Socially Concerned. They live in Stoke Newington. Some of their friends live in Hackney, parts of Islington and as their old haunts get yuppified they're spreading into South London. Their children go to state schools where they learn to dub Maggie and Graham and their friends "the drabbies."

The children aren't drabby at all - in spite of all the carefully crafted wooden toys, the cuisenaire rods and the pacifist propaganda what they really like is Care Bears, My Little Pony, guns, high tech and highly-coloured synthetic toys. When older they like loud music, loud make-up and will wear anything so long as it is black.

Maggie and Graham are a bit moralistic about spending large sums of money. Conspicous consumption is very definitely against their creed. They like their presents to be worthy or self-improving.

Trivial Pursuit would be fine - if they didn't already have it. Le Creuset cookware and blenders for preparing wholesome vegetarian soups, wooden bowls for serving vitamin-rich salads, and sturdy glasses are just the sort of thing that would go down well. Elizabeth David, 46 Bourne Street, London SW3, and David Mellor, 26 James Street, London WC2, have just their sort of things, good honest functional cookery equipment, nothing too fancy. Sabatier knives, those great classics of the kitchen, would always come in handy.

Crafts, of course, are very much up their street. Hand-made is so much better than machine-made, don't you think? So take in a visit to the Crafts Council Christmas Exhibition at 12 Waterloo Place, London SW1, where some 43 different craftsmen (whoops, crafts people) are selling their wares - pottery, jewellery, baskets and woodwork at prices from £10 up to as much as £750. Plastic laminate earrings and brooches for Her (£8.05), some honest earthenware (from £13.80) for Him.

Maggie and Graham spend most of their holidays walking in the Lake District so a specialist map from Stanford's, 12-14 Long Acre, London WC2, would go well. Or what about some real wool walking socks, £6.50 a pair from Alpine Sports, 01-956-958, Strand, London WC2.

They love anything from Third World countries, in particular rugs and dhurries. You could always look in the specialist mail order catalogues like Oxfam, 30 Murdock Rd. Bicester, Oxford, tel.0869-245011 (but bear in mind that this is where they buy their presents, too). Byzantium, 1 Goodge Street, London W1 is a shop they love. Here are authentic ethnic rugs in lovely colours at prices ranging from £9.85 to £130 - choose from Indian, Greek, Turkish. Lots of lovely, colourful jewellery, too, of the sort that looks good with the clothes that Maggie buys in Monsoon's annual sale.

From the Oxfam catalogue choose table and kitchenware, mugs, silk scarves. From Traidcraft (Kingsway, Gateshead, NE11 ONE, tel 091-4873191) look out for silver and fired clay jewellery, which is particularly attractive and good value.

Maggie loves cotton tights - she disapproves of synthetics - so put some in her stocking. Buy them at the Sock Shop or at Warehouse (£3.99) a pair. She also likes perfumes and skin care products but only if they are ecologically sound and made without cruelty to animals. So buy her a nice ethnic basket and fill it with products from the Body Shop, Weleda and Beauty Without Cruelty.

Maggie and Graham support a number of causes - Nicaragua Solidarity Campaign, Anti-Apartheid, you get the picture? - and love mugs with a message. Find a wide selection at Central Books, 37, Grays Inn Road, London WC1.

Maggie can be persuaded to be frivolous, however, so. . .what about a gift token for a day of sensuous pampering at The Sanctuary, 12 Floral Street, London WC2. £22.50 will pay for a weekday visit.

Maggie is a great believer in the therapeutic value of making things at home (just what our grandmothers did before television) so give her Kaffe Fassett's Glorious Needlepoint, £16.95 (Century Hutchinson), and she can spend happy, creative hours.

If you think that Graham also needs pampering, give him a couple of bottles of fine wine. Buy him as many bottles as you can afford of a fine white burgundy or a richly ready claret (from Sainsbury's - he would approve of that). They will come in handy for when his home-made wine turns out not quite as he hoped. . .

CHARLES

...is fiftyish, portly and a bachelor (though unconfirmed). He's never had to worry about...well, other people...and so he has got a little spoiled. He's been accustomed to nothing but the best. He loves his creature comforts, he's into wine, food, fine books, doesn't like anything too new, too trendy or too disturbing.

Opera tickets (but only, I'm afraid the best seats), some fine claret (his godfather laid some down for him at birth with Berry Brothers in St James so they are well accustomed to his tastes), a not too assertive silk tie, a really good biography (maybe Victoria Glendinning's life of Rebecca West £14.95, Weidenfeld & Nicholson), an excellent cigar or two, are the sort of presents he'd like.

He sets a good table, does Charles, so something from The Perfect Glass Shop, 5 Park Walk, London SW10 would go down well. A hand-blown champagne bucket at £45.99, or a pair of brandy glasses at £20. If you're a favourite godchild with what you might call "expectations" you might think it an investment to give him an original art nouveau claret jug from Mansfield, 30-35, Drury Lane, London WC2 at £150. Less expensive but equally elegant in its own way is the rechargeable glass soda siphon with an elegant chrome mesh cover - at £39 from Harvey Nichols this would would remind him daily of your munificence as he pours out his nightly whisky and soda.

For his opera-going nights you might give him some opera-glasses from Trevor Phillips, 75a Jermyn Street - again not cheap but possibly an investment at £100 a time.

He's quite a racing fan so the new Dick Francis, Hot Money, (Michael Joseph, £10.95) would give him several happy hours curled up in front of his own fireplace. He's very fond of things old and classical and so he would love the antique brass binoculars (£150, also from Mansfield) - they are nine inches long and they do actually work.

More classics can be found at Mansfield at somewhat lower prices - there is a hallmarked silver propelling pencil, made today but to the original 1880s design, £69.

He does like his home to look nice so a really well-shaped bay tree in a good classical stone or terracotta pot from somebody who understands his tastes like Clifton Nurseries, 16 Russell Street, London WC2 would go down a treat.

Though he's not often known to leave much of his fine claret at the end of a bottle, sometimes even he doesn't finish it all - so buy him the best stopper yet devised. Known as the Vacu-vin, it works rather like a pump, sucking out the excess air and keeping the wine in as good condition as is possible (£7.25 from The Wine Society, 53, Bolsover Street, London W1D 7 HL - only available to members, life membership costs £20.)

Though Charles is rather addicted to the paper products of traditional Bond Street stationers he could be pleased by some of the elegant Florentine stationery accessories to be found at The Italian Paper Shop, 11 Brompton Arcade, London SW3.

Poor godchildren could give him some fine tea or coffee from the newly rehoused Whittard & Co., now found in the new Conran Shop, 81 Fulham Road, London SW3. Or perhaps a box of Marks and Spencer's fresh champagne truffles at £3.99 a box would go down well.

Eximious is very much a Charles kind of shop - a browse through 10 West Halkin Street, London SW1 will reveal a host of things to catch his fancy. An elegant magnifiying glass (£39.25) now that his eyes aren't quite what they were, with a matching paper knife (£38.75) would go down well. A set of bridge scorers (£13 with one initial), a new velvet bridge cloth (£51) or a playing card holder (£17) would make sure his bridge partners took him a bit more seriously.

A pair of gentlemen's shoe trees (somehow one never has enough, does one?), in fine polished beechwood with an adjustable screw action, at £29.50 a pair would go down well, while his fondness for their dark-coloured, personally monogrammed clothes preservers is well-known.

His tastes in clothes is - well, conservative is the only word that comes to mind. Do not try to persuade him into a colourful number from a trendy Italian designer - his drawers are already full of any number of unworn little items he's been given down the years. If clothes are what you'd like to give him take a trip down Jermyn Street - for shirts stick to classic Bengal stripes in fine two-fold poplin (N Lewin do some of the best value of all), plain classic colours for his lambswool cardigans and his cashmere sweaters, ties from the very best names.

He'd love a classic silk dressing-gown from Harvie & Hudson, 97 Jermyn Street (in dark classic colours, between £155 and £175, p and p £2.60) or a pair of their embroidered velvet house slippers (£44.50, p and p £2.60, sizes 6½ -12, in navy, wine and black).

SUSAN

...is in her early fifties and married to Richard, a farmer. She has spent most of her adult years taking care of the old farmhouse, Richard and their four children. She isn't used to spending any money on herself, partly because there never seemed to be enough to go around anyway and partly because she always seemed to have more important things to think about.

Now that the children are almost off her hands she does long for a few of the more luxurious things of life. Now that life's a bit easier and she doesn't have to get up for the school-round she'd love some rather delicious nightwear, though it shouldn't be too flimsy because the central heating isn't that reliable. She saw the very thing at Courtenay of 22, Brook Street, London, W1 when she was last up in London - a soft brushed cotton night shirt in a Liberty floral print (£79) and wrapover wool robe with a shawl collar in deep pink or blue, picking out the colour in the night-shirt(£129). If Richard can't find the time to come to London he can order it by mail - £5 p and p for the two.

Alternatively, anything from After Dark, 62 Pimlico Road, London SW1 would do very well, thank you. There's a whole range of pretty nightdresses, pillowcases and warm quilted bed-jackets in a deliciously pretty pink on white print.

Now that the children aren't around and she can begin to keep the house looking the way she's always wanted it to, she could do with a few really pretty things. She'd love some really beautiful sheets and pillowcases - maybe a pair of pristine white cotton sheets edged in lace from the Monogrammed Linen Shop, 168 Walton Street, SW3 (get her initials put on them and then the children won't be able to pinch them). Or get her some ravishingly pretty pillowcases printed with a blue and white print taken from an 1820 Staffordshire plate - at £13 each they are unique. Find them at Putnams, 72 Mill Lane, London NW6.

More really pretty things of the sort that would blend in with the gentle charm of the farmhouse can be found at Graham & Green, 4 & 7 Elgin Crescent, London W11. You could get her a kelim rug to cover over the bare patches in the existing sitting-room carpet, (prices start at £100) or some lovely old-looking maplewood photograph frames (£9.95 and £12.50).

Now that she has a little more time on her hands she has old-fashioned notions of doing a little needlework - give her one of the marvellous kits now around. Graham & Green stock the authentically Victorian looking cat and dog cushion kits - £39.50 each.

Susan loves her garden and spends many hours in it. One thing that would make her life a great deal easier is a cordless telephone - she wouldn't miss all those calls while she struggled at the back-door to get her wellies off. Answercall's Ranger 2,000 at £130 would fit the bill.

Susan would love almost anything from Eximious, 10 West Halkin Street, London SW1. She keeps meaning to put the family photographs in order so a good hard-backed album with thirty thick card pages, all reinforced at the spine and in dark chic colours like navy, scarlet and dark green would go down well. £54.50 for 12 inches by 14 inches size, £39.50 for the nine and a half inches by 9 and three-quarters inches.

She also very much fancies the dehydrator from Elizabeth David, 46, Bourne Street, London SW1 - this would enable her to dry her own fruits (imagine what she could do with the excess currants, apples and plums) and vegetables. At £84.95 (p and p £4) it sems a lot but she is sure it would earn its keep.

Down in the country, entertaining is a little on the formal side with quite a lot of smart dinners so she could do with some fashionable bits and pieces to add new life to her Jaeger velvet skirt and blouse. She's been dropping a few hints about the diamante bow brooch with a pearl drop that she saw in Harvey Nichols jewellery department - not in the heirloom class, nonetheless at £39.00 it will add a bit of sparkle, while the Art Deco style black evening bag (£19.95) would also help to perk up her evenings out.

In fact there are quite a few things she eyed in Harvey Nichols when she was last up in London - her day-time outfits, too, come to think of it are in need of a little sharpening up and some of the new gauntlet gloves (preferably cashmere at £47.00 a time) and a soft clutch handbag given life and wit by a jaunty bow (£89) would do a lot for her morale.

Her cooking has taken on new life now that she no longer has to cook three meals a day for teenage appetites - she and Richard are embarking on a lighter, more elegant phase with quite a bit more entertaining. Give her Recipes from Irish Country Houses by Gillian Berwick (£6.95 from the Irish Shop, 11 Duke Street, Wigmore Street, London W1) - embellished with charming drawings by Jeremy Williams, it is full of exactly the sort of recipe she and their friends would love.

A variable vintage

ALTHOUGH MUCH prominence is given to the charitable aspect of the annual Hospices de Beaune wine auction - this year FFr605,000 (£60,500) was paid by a Lebanese businessman living in Luxembourg for an ex-catalogue single cask of a Beaune cuvee, for the benefit of the Pasteur Institute in Paris - the high prices generally realised owe a good deal to the publicity element involved.

Held always on the third Sunday in November, the pre-sale tasting in the Hospices cellars provides the first public opportunity of assessing the quality of the new vintage in the Cote d'Or.

This year, however, things were more than usually difficult, for after a very late vintage the sale took place on the earliest day possible, the 15th. As a result, many of the red wines poured into the proffered *tastevins* from the assembled casks of the 25 cuvees were out of condition.

Some were undergoing their second, malo-lactic fermentation, some had not started it and others had completed it. Consequently the colour seemed reduced, the aroma disturbed and the flavour non-fruity. The nine white cuvees were all milky, with residual sugar in the incompletely fermented-out wines. Few, including the professionals, could make much sense of the wines.

Fortunately, however, the *Trois Glorieuses* week-end (so-called from the three banquets arranged over three days) provides other opportunities to sample the new wines, notably at the Hotel de Ville exhibition, where around 10,000 wines, arranged by village, are set out for tasting from bottles of cask samples.

The reds there showed much better in colour, bouquet and flavour and though more than usual appeared oxidised, this is always possible with cask samples. Overall they gave a much better impression of the vintage. The whites were more difficult, but most were clear and I was able to taste some attractive leading Cote d'Ors and crisp Chablis, about which some contradictory reports have emerged.

It is a regular complaint that this auction is held too soon after the vintage. The less important Hospice de Nuits auction is held on Palm Sunday. Another criticism is that the Hospices authorities do not do the elevage and bottling, for these vital functions are left to the buyers, who must remove their purchases by mid-January or pay rising monthly interest charges.

Obviously they have regularly to top up their casks with some other wines, to be hoped similar in style and quality, until they bottle them about 18 months later. However, the Hospices authorities call for their receipts as soon as possible and wish to avoid building and maintaining additional cellars and staff to house and bottle hundreds of casks each year, though to keep their standing it may come to that.

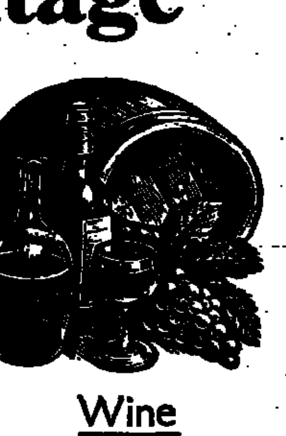
Prior to the sale, leading Beaune merchants expressed hopes that prices would come down a little, for although it is frequently repeated that prices at this charity sale bear little relation to the real market, nevertheless growers note the auction trends and initially at least offer their wines accordingly.

In fact, however, prices rose moderately: the reds by 9.19 per cent, the whites by 3.5 per cent, an overall price increase of 8.18 per cent. The rise in the reds would have been greater but for falls in the bids for a few cuvees.

Undoubtedly prices would have shown a drop had there not been many fewer casks on offer: 506 as against 714 last year, the smallest number auctioned since 1981. The top prices per hogshead for the red cuvees, with last year's in brackets, were: Mazis-Chambertin Madeleine Collignon, FFr53,000 (46,000); Pommard Dames de Charite, FFr38,000 (34,000); Cortpn Charlotte Dumay, FFr 35,000 (36,000); Volnay Blondeau, FFr 32,000 (36000); and Volnay Santenots Gauvain, FFr 32,000 (34,000).

The smaller overall increase in the white cuvees followed a saleroom battle last year that took the Corton Charlemagne Francois de Salins to FFr113,000. This year it made FFr 70,000 - still the top price in the auction. Of the leading figures were the Corton Vergennes Paul Chanson, FFr55,000 (76,000); Meursault Charmes Albert Grivault, FFr55,000 (60,000); and Meursault Genevrieres Baudot, FFr49,000 (37,000). Total for the wines was FFr14,383,000 (18,762,000).

What, then, is the quality of the 1987 burgundies? The short answer is "variable." As in Bordeaux, the summer was poor, but the unusually hot September weather saved the vintage, which after a good deal of *coulure Mon-setting* of the grapes and *millerandage* failure of the grapes to swell, was bound to be small.



Wine

Picking began at the end of September and for the first few days the weather was unsettled, but from October 6 it was rather better and conditions improved, so growers who picked later probably made the best wine, while those vintaging early or in the middle did less well, with a good deal of dilution.

At one end of the region Beaujolais was a success and a much better year than 1986. At the other end Chablis, picking late, had some success, though 1986 may turn out the better year. In the Maconnais the crop was much more variable, but said to be fairly reliable in the Chalonnais. It was variable too in the Cote d'Or.

The red wines are generally better than 1986, although I tasted some very fruity 1986 Cote de Nuits wines. Obviously it has been a difficicult vintage in which the most expert and experienced vinifiers made the best wines in a small crop. Bouchard Pere et Fils, the largest vineyard owners in the Cote had an average yield per hectacre of only 29.5hl for their red wines, compared with a normal average of over 35hl, but the yield for their white wines was a substantial 46.5 hl, though smaller than the 60 hl in 1986, which was very large.

In Meursault cellars I tasted some very promising white 1987s, particularly from the first growths. The lower part of the commune with the plain village appellation was hailed and the Meursault crop was much smaller than in Puligny and Chassagne, though both were less than last year. I also sampled some excellent, crisp, aromatic and fruity 1986s, almost certainly the better white burgundy vintage.

As to the level of prices, there are none yet. In very good years the market may open partially before the Hospices auction, specially for the whites, but not this year. It will probably not start before the New Year, with prices similar to last year, for there has been a substantial rise in stocks. At the end of August, the total quantity of red burgundies, excluding Beaujolais, in cellars had risen in the twelve months from 620,000 hl to 830,000 hl and the whites from 270,000 hl to 350,000 hl.

Obviously many firms have been adversely affected by the falling dollar, but rather less so by the pound, which has regained some of its strength. The rise in wine stocks was welcomed by most merchants as giving more stability than for some years. However, the higher stock levels are probably mostly among the lower appellations: Bourgogne Rouge and Blanc, as well as the village wines.

It is at these levels that there may be difficulties, but not for the premiers and grands crus, whose quantities are relatively small, particularly the whites. The US market, where imports of red and white burgundies in 1986/1987 dropped by 11 per cent and 27 per cent respectively, is very volatile: the UK less so, with a fall of 12 per cent and 1 per cent. On the other hand, the substantial German market advanced by 17 per cent and 22 per cent.

Whether consumers should buy 1987 burgundies may depend on how they look next year to the traditional wine merchants who buy a vintage early, and of course on the state of the economy.

We are unlikely, however, to have to make up our minds all that soon and perhaps not before some indications of the prospects for the 1988s are clearer. But the 1987s are not to be ignored, especially the reds, and the Cru Beaujolais should be worth acquiring when available next spring and summer.

Edmund Penning-Rowsell

My Book of the Year

Our reviewers choose the books published this year they have most enjoyed reading

I HAVE enjoyed wallowing in the sumptuousness of the illustrations to Jeremy Cooper's **Victorian and Edwardian Furniture and Interiors** (Thames and Hudson,£25.00.) and been surprised by the rampant ugliness of so many of the artefacts of the period. Cooper, once a dealer and now a writer, covers the whole gamut from the Gothic Revival to Art Nouveau, There are calm patches provided by Pugin, Morris and Mackintosh; their seriousness is a welcome relief among so much dross.

This is not the definitive book on the furniture of the period but highly enjoyable. It made me see exactly why the Modern Movement had to happen and wonder also how on earth our great grandmothers survived in their claustrophobic and overcrowded houses.

COLIN AMERY

MAY I nominate two books that represent my ambivalent, equipollent interests in both history and literature? Richard Ollard's **Clarendon and his Friends** (Collins, £15.00) strikes me as the best of the year for history: such mastery of the subject, so perceptive and sympathetic, and beautifully written. Ollard is one of the very few first-rate historians now writing - too many third-rate ones cluttering the field.

Victoria Glendinning has accomplished a difficult job triumphantly with her biography of **Rebecca West** (Weidenfeld & Nicolson, £14.95). Almost impossible to get Rebecca quite right- so contradictory, inconsistent, part masculine, part feminine, Scots-Anglo-Irish, brilliantly clever and always fun. Glendinning treats her with justice and understanding.

A.L.ROWSE

IN THE year that he celebrated his eightieth birthday, Lincoln Kirstein has produced **Quarry: A Collection in lieu of Memoirs**. This is a conducted tour, with characteristically pithy commentary, round his fascinating accumulation of paintings, drawings, bronzes, photographs, and the varied memorabilia of a life grand in achievement. We meet a splendid Gerome of a Rothschild shooting party, portraits of Kirstein by Lucian Freud, Pavel Tchelichev, Michael Leonard, medals, marbles, Buddhist divinities. The eye is beguiled, the mind held, by the resonances of the collection and the range of Kirstein's interests. Splendidly illustrated, the book is a handsome production of the Twelvetrees Press of Pasadena, California. And as a pendant, let me recommend this year's publication of Kirstein's **Collected Poems**(Atheneum, New York, $25), verse that is vivid, anecdotal, the product of an ear as acute as the eye that chose the dazzling trove of Quarry

CLEMENT CRISP.

TWO OF this year's theatre books gripped me from start to finish and my vote must therefore be divided.

The **Life of Kenneth Tynan** by his widow Kathleen Tynan (Weidenfeld & Nicolson,£16.95) is a brilliant fusion of affectionate objectivity and sensible appreciation. Tynan, who died of pulmonary emphysema in 1980 aged 53, was the archetypal Isis idol turned media star, and the most gifted and important theatre critic of the century. His lust for theatre was part of a lust for life, as well as a lust for lust.

His reputation, languishing of late, will be restored by this bookand further enhanced when Mrs Tynan releases the unpublished diaries and uncollected journalism.

Timebends by Arthur Miller (Methuen,£17.95) is a magisterial, enormously affecting autobiography of a man who has lived by certain ethical and moral rules, defied all opposition to them, and written great plays in their defence. The passages about Marilyn Monroe, Miller's second wife, are no less dignified and impressive than his comments on McCarthyism and the colleagues who turned traitors to their own honesty.

Timebends has the dream-like fluidity of Death of a Salesman, a similar poignancy of a good man's journey through the sometimes hostile terrain of his own life in a changing country, but a country he loves to the end.

MICHAEL COVENEY

NO ONE but Oscar Wilde himself will ever have the final word on Oscar Wilde, but Richard Ellmann's huge new biography of the man with almost everything to declare, as well as his genius, comes pretty close. **Oscar Wilde** (Hamish Hamilton, £15) is especially good at revealing the power of paradox in a life at once mocking and moralistic, glamorous and grim; whose work - though Wilde insisted otherwise - was and is still more important in artistic terms than the life.

GAY FIRTH

MY CHOICE, **Handel's Operas 1707-1726** by Winton Dean and John Merrill Knapp (Oxford, £55), is one of the great monuments of musical scholarship of our day - a mine of information lucidly delved, sharply stimulating in its knack of seeing both the wood and the trees of 18th century serious opera, and a pleasure to read for its crisply expressed, infinitely discerning, and above all loving responses to the works themselves. The price is steep; all the same, this is now one of the select items on the operatic bookshelf. May its companion volume, completing the Handelian operatic overview, join it there soon.

MAX LOPPERT

CHRISTOPHER HIBBERT'S **The English: A Social History 1066-1945** (Grafton, £20) seems a bit daunting at first glance, but is a book for dipping into, rather than reading at one go. It is essentially a compilation, a fascinating look at life in England through the ages - everything from the Oxbridge riots of 700 years ago to crime and punishment in the Middle Ages, to Boswell's amazing sex life.

Particularly striking is the 16th century East Anglian housewife who instructed her husband to buy crossbows in London rather than longbows, because they shoot more easily through doorways – so very like one's own little expeditions to Hamley's.

NICHOLAS BEST

THE MOST original and interesting book on the 18th century Navy to be published for many years **The Wooden World** by N.A.M. Rodger (Collins, £17.50) is also one of the most readable. It stands the whole subject on its head with a historical gusto and a wealth of fascinating detail. The idea that the naval victories of the Seven Years war could have been won by the sort of no-hopers that Falstaff would have recruited has never made sense. Dr Rodger has given it its quietus, and has shown how formidably efficient and well-run the Georgian navy was.

RICHARD OLLARD

IT has been a rich and varied year, but finally I enjoyed nothing more than **Le Seminaire de Bordeaux** (Flammarion, FFr85), Jean Dutourd's lively, lighthearted satire on the French sociological scene. Dutourd has always been adept at puncturing fashionable pretensions and in

cross Transylvania in the second section of the journey, as told in **Between The Woods and the Water** (John Murray, £13.95). As he describes it the country and its people are just as dotty and even more charming than one expects. But then, this traveller is a brilliant and beguiling describer. And a lucky one. The Balkans seem to have been one vast conspiracy to entertain and, once at least, to flirt with him. Did he reach Constantinople? For the answer I must wait, all agog, for volume three. Meanwhile we have this brilliant and enjoyable book.

GEORGE MALCOLM THOMSON

ADVANCED CAPITALISM has generated, and continues to generate, the highest material standard of living for large masses of people in human history. It is also a necessary, but not a sufficient condition of democracy, and indirectly of basic human rights. On the other hand it is far inferior to socialism in its ability to conjure up ideas and myths which legitimate it in the eyes of image-makers and "intellectuals". Thus it is highly dependent for survival either on crude material results or on its being surrounded by traditional institutions such as religion and the family, themselves vulnerable to the rationalist values fostered by modern development.

This was the thesis of Schumpeter's classic Socialism and Democracy first published in 1942. A new book by the US economist sociologist, Peter Berger, **The Capitalist Revolution** (Wildwood House, £6.95) comes to essentially the same conclusion (without Schumpeter's prophecy of doom), but amplifies and updates the discussion, bringing in a wealth of new evidence including the experience of East Asian capitalism. A needed present for many.

SAMUEL BRITTAN

THERE ARE only a few books, unfortunately, that combine scholarship and charm. John Pemble's **The Mediterranean Passion** (Oxford, £27.50) is one. The contents are as appealing as the title. There were quite a number of Victorians and Edwardians who left Britain for

Julie Manet, the painter's niece, whose Diary is one of the Books of the Year

his latest work, he has a good deal of fun at the expense of a group of research students labouring to produce unreadable theses on improbable topics, contrasting these portentous endeavours with the instability of their private lives and love affairs.

There is a serious, if unspoken, underlying theme: the general decline in French educational standards. Dutourd has a firm grasp on the shifting patterns of contemporary jargon, and one hardly knows whether to laugh or weep at the linguistic absurdities so neatly pilloried in the pages of this hilarious fantasy.

ERIK DE MAUNY

I MOST enjoyed reading Robert Rhodes James's biography of **Anthony Eden** (Weidenfeld & Nicolson £16.95). Not only is the author one of our most skilled biographers but he knew Eden personally and contrives to combine a measure of criticsm with basic sympathy towards his subject. He provides much revealing information (and even more revealing photographs) about Eden and his background not generally known to those who only encountered him politically. Rhodes James is also almost always fair to Eden's political opponents. Yet another merit of the book is that the author does not dogmatically claim to have solved the mystery of Eden's tragic miscalculation over Suez.

DOUGLAS JAY

ROSE MACAULAY got it about right. "The trouble with countries," she said, "is that, once people begin travelling in them, they are apt to get over-written. No-one (apart from fans of Count Dracula) can say that of Transylvania, so Patrick Leigh-Fermor was on to a good thing when he set out, one day in 1933, to walk from the Hook of Holland to Constantinople on a pound a week provided by his parents. It meant that he had to

the Mediterranean, usually in search of more than the sun. John Pemble explains their motives, their journeys and their experiences. For any 20th century travellers the chapter on "Health" is worthwhile reading on its own. "Abominations of the Earth" speaks for itself. The book is rare in another way too. It could actually be taken to the Mediterranean on a holiday and read with pleasure on a sunny beach or in the shade of a church. It was Eliot Warburton - and who now reads him? - who wrote more than a 100 years ago that as you travel south "at last even your island restlessness softens down and merges into the universal peace around". A Christmas message?

ASA BRIGGS

WILFRED THESIGER is a late and great Victorian who happens to have strayed into the present and his autobiography **A Life of My Choice** (Collins, £15) is the expression of this remarkable character. In some ways a conventional Eton-and-Oxford man, and astonishingly modest about his exploits and travels, he has been at his happiest among African tribes in Ethiopia and Sudan. That pre-modern world is unforgettably evoked. War brought Thesiger to serve under Orde Wingate, and the ensuing clash of personalities has a heroic ring. There followed the Long Range Desert Patrol, and a life in Arabia. Writing without nostalgia, he is a defender of the old order doomed by progress, to him a most dubious thing. What with the men and the subject, this book already has the sense of being an established classic.

DAVID PRYCE-JONES

THE BEST biography I have read for a long time is **Rebecca West- A Life** by Victoria Glendinning (Weidenfeld & Nicolson £14.95). Rebecca West lived a long and very full life- from 1892 to 1983. She knew everyone who

Children in Northern Ethiopia, one of Wilfred Thesiger's memorable photographs in "Visions of a Nomad"

was anyone in the worlds of literature and politics from the days before the first world war up to the early 1980s. Besides being a successful novelist she was an indefatigable journalist and *critic* and also *found* time for a very active social life.

Faced with such a wealth of material, the temptation to produce a doorstopper of a book must have been hard to resist. Glendinning gives enough information about Rebecca West to satisfy curiosity without ever blunting interest by tedious detail. Dame Rebecca's private life was far less successful than her public one, but both are vividly presented with tact and sensitivity.

ALANNAH HOPKIN

MY FAVOURITE by a mile is **Compact Edition of the Supplement to the Oxford English Dictionary** (Oxford, £75) edited by Robert Burchfield and dedicated to the Queen. Together with the two original volumes of **Compact OED** (£225 the set of three volumes), it would make anybody's book of the year for any year there ever could be, especially as it comes with its own magnifying glass for myopes. This is the world's greatest historical dictionary, for which editing started in the 1850s, and the greatest of all source-books for literary English. In fact its reservoir of quotations is unexampled.

The Dictionary started to appear in 1888, and it has taken the learned world nearly 100 years to find more than a handful of earlier datings and (it is reported) its four deliberate jokes. The jokes of the Supplement have yet to be numbered, but there is certainly plenty here to amuse. The new Supplement replaces the one of 1933 with micrographically reproduced six-column pages, and it is up-to-date enough to make you blink, however long-sighted you may be. It includes "monetarism", for example, first used by Newsweek in 1969; and "yuppie" in 1984, no sooner - "a jocular term for a member of a socio-economic group comprising young professional people working in cities".

GEORGE WATSON

OF THE numerous books about **Oscar Wilde** I have been profoundly moved by Richard Ellman's (Hamish Hamilton, £15). This was written by an accomplished scholar whose historical research into the detail of Wilde's life is beyond praise. The result is intensely dramatic. Though the end of his narrative is too tragic for enjoyment, I admired Ellman's mastery of an intensely complicated and provocative subject. His method of combining brilliant highlights with sinsister shadows is masterly and his judgement of Wilde's writings strikes me as being definitive - the ultimate word. Indeed, this deserves to be called a great biography.

HAROLD ACTON

MY CHOICE is **George Scharf's London: Sketches and Watercolours of a Changing City, 1820-1850** (John Murray, £14.95) by Peter Jackson. This volume containing work of the Bavarian artist, who had seen action at Waterloo and then migrated promptly to London, *selects some 150 drawings to* compile a unique documentary of Gerogian London dissolving and reshaping towards its state of Victorian London - the London of the early Dickens who would have recognised it as his own.

Exact locations of each image are pinpointed by Peter Jackson's encyclopedic expertise. We see Montague House transubstantiating into Smirke's monumental British Museum; London Bridge going down beside London Bridge going up - and everywhere people intent on daily business.

I found it riveting and inexhaustible. The time for real despair is when London stops changing.

DAVID PIPER

WITH FINESSE and good timing, Jocelyn de Moubray, a non-languid Old Etonian, produced **The Thoroughbred Business** (Hamish Hamilton, £12.95), which glided onto bookstalls just a few *sobering hours before the* autumn's great stock market crash.

The book is subtitled Inside the Modern Bloodstock Industry and that is precisely where de Moubray takes us in a fascinating survey of an alternative investment market that is strictly for the Big Boys. Only if you are seriously rich and phlegmatic to boot should you even contemplate dipping a toe into this most irrational of markets.

De Moubray is sound and revealing on matters financial as he takes us through the bloodstock boom of the 1970s and '80s. But his special quality lies in handling the mystique and dottiness of the racing and breeding worlds and in explaining why confusion and uncertainty still surround the simple question of why one racehorse runs faster than another.

MICHAEL THOMPSON-NOEL

A MARVELLOUS YEAR: Callow's Laughton; Mrs Tynan on Mr Tynan; a vintage tale from Dame Iris; elegant rapier-work from John Carey (**Original Copy**); Mordaunt Crook's survey of architecture (**The Dilemma of Style**). But in the end I'll opt for language without words - Snowdon's **Stills 1984-87** (Weidenfeld & Nicolson, £15.95). The royal shutterbug shows great good humour in his portraits; he reveals characters with fateful honesty - Nureyev on a Medici throne, Anthony Hopkins as a blasted oak, Alan Bennett in the meat market... Snowdon is our best celebrator of the lively arts, *his stills leaping with life.*

ROGER LEWIS

SOME WRITERS make fine subjects for biographical portraiture, regardless of their literary merits or demerits - Zola, for example, who set out to be a social historian and propagandist rather than an imaginative artist; but around whose character and career Alan Schom, an American scholar, has woven an absorbing book.

The central point of the story he unfolds in **Emile Zola: A Bourgeois Rebel** (Macdonald/Queen Anne Press, £14.95) is, of course, his hero's connection with the Dreyfus case, where with a courageous article headed "I accuse", he helped to rescue an innocent man from life-long imprisonment and restore the public's faith in French justice.

Professor Schom's lucid account of this complex drama would alone make his book worth reading. It is full, moreover, of illuminating minor details, such as Zola's impression of England.

PETER QUENNELL

MY CHOICE for 1987 has to be Saul Bellow's **More Die of Heartbreak** (Secker & Warburg, £10.95) because it is simply the most stimulating novel I have read for a long time. The story - about a distinguished botanist who marries a younger woman and gets drawn into political intrigue and financial double-dealing - is secondary to the *sparkling provocativeness of the* language and the pleasure of the characterisation.

We seem to have no equivalent to Bellow in the contemporary English novel. Iris Murdoch, for example, who is of at least comparable intellectual stature, teases and puzzles where Bellow outrageously amuses and stimulates new lines of imaginative investigation.

And behind all this the basic subject is deadly serious- nothing less than a Spenglerian view of the West and the inevitability of the good guys going down and the bad coming up. Now in his seventies, Bellow has proved himself once again the most exciting talent in the field of American fiction.

GEOFFREY MOORE

FEW BIOGRAPHICAL studies have covered so much ground in so readable a form as Walter Isaacson and Evan Thomas, **The Wise Men** (Faber & Faber,£15.95). These portraits of *six American statesmen Harriman*, Lovett, McCloy, Acheson, Bohlen and Kennan are vivid, memorable and persuasive as well as informative. The balance in interest and weight, though not, alas, in price is the superbly edited **Documents on British Policy Overseas, Series II Volume II: The London Conferences, Anglo-American Relations and Cold War Strategy, January-June 1950**, (HMSO,£35), a publication which amateur strategists will find more gripping than most studies of the British contribution to the cold war

ZARA STEINER

THOUGH BLEAK in subject matter, and with *few* flourishes of style, Bernard MacLaverty's new collection, **The Great Profundo *and other stories*** *(Jonathan* Cape, £9.95) turns out to be 11 of the very best: by him or anyone else in recent years. Cameos of loneliness, loss or disappointed love, their cast of characters include a dying priest, a bickering homosexual couple, a suicidal girl flautist, a spinster who sends herself letters, and any number of men and women negotiating mid-life crises or last vain stabs at love or romance. But the stories are never depressing. MacLaverty's eye for detail and unobtrusive symbolism give his writing the same rich, slow, wry pulse as Graham Greene. And the compassion in the stories is never heart-on-sleeve but contained in the act of imagination which allows him to inhabit widely different minds and souls while seeking - and finding - their common humanity.

NIGEL ANDREWS

I CHOOSE Simon Schama's **The Embarrassment of Riches** (Collins, £19.95). It is a fascinating presentation of Dutch society in the seventeenth century and uses an extraordinary range of evidence and art to illustrate a title with which every good FT reader will sympathise.

ROBIN LANE FOX

I'VE ALWAYS ADMIRED Elaine Feinstein's fiction and suspected, even before I read it, that her biography of the Russian poet, Marina Tsvetayeva, **A Captive Lion**,(Hutchinson, £15.95) would be special. Published at the same time as the biography was a selection of Tsvetayeva's poetry, also translated by Feinstein. The combination gives one a unique insight into the working of the creative mind faced with the turbulence of Russia in the early part of this century. But it is also an intimate study of a woman torn between responsibilities to her family and to her art. No biographer could get closer to her subject or bring her closer to her readers.

RACHEL BILLINGTON

I MUCH enjoyed Paul Delany's **The Neo-Pagans: Friendship and Love in the Rupert Brooke Circle** (Macmillan, £14.95), a subject both fascinating and dislikable. Using a good deal of new material it effectively shoots down Brooke as a hero of a war that needed one, and as a golden boy of the establishment.

A tormented, suicidal bisexual *among left-wing simple lifers*, until he was taken up by Edward Marsh, Churchill and the *beau monde* of London hostesses, Brooke mistreated friends and lovers and coasted along until his death in 1915 on overrated verse and the diminishing asset of his remarkable good looks.

The book sets him in the context of a world which, though it may seem small, had social and political influence as a cousinly rival of the Bloomsberries and even - ironically, since Brooke became the icon - figure of respectable patriots - a sort of avuncular predecessor of the Cambridge spies two decades later. It does not condemn, but uses documentary evidence with chilling, lively effect to undermine all sorts of long - accepted *myths.*

ISABEL QUIGLY

Literary Competitions

THERE ARE two separate literary competitions this year.

First, The Yuppie's Lament. A first prize of £100 and several lesser prizes are offered for an extract of not more than 14 lines from a poem with this title in the manner of Kipling, Housman, Eliot, Betjeman, Coward, Auden, Wallace Stevens, Larkin, Kathleen Raine, Craig Raine, or any well - known poet of your choice.

For a definition of *Yuppie* see George Watson's choice on this page of the Oxford English Dictionary's Supplement. It also gives a definition of *moratorium* as follows: "A postponement an agreed delay, a deliberate temporary suspension (of some activity etc)".

The second competition, for which there will be further cash prizes, is for a list of 10 words on the use of which you would like to impose a moratorium for at least one year.

Entries for one or both competitions to be sent to the Literay Editor, Finanacial Times, Bracken House, 10 Cannon Street, London, EC4P 4BY.

They must arrive by Wednesday December 16. Results, winning entries, and a full report will appear in the Weekend FT on 2nd January, 1988

I FOUND **The Diary of Julie Manet** (Sotheby's Publications, £19.95) an enchanting book. Julie was the daughter of Berthe Morisot and Eugene Manet, the brother of the painter; she was orphaned early, and the kindly Impressionist painters took her under their avuncular wings. These extracts from the diary she kept between the ages 15 and 20 (translated by Mme and Mlle Roberts) give a view of their world as refreshing as a spring posy. Julie Manet describes them as leading good bon bourgeois lives - though their studios were cluttered with *canvases, they kept an excellent* table. Renoir gives hints on painting and Degas plays an unexpected role as a matchmaker, finding a perfect husband for Julie. A delightful story with aptly chosen illustrations.

JANE ABDY

AN ENJOYABLE book about Nicaragua seems like a contradiction. Yet **The Jaguar Smile** (Picador, £2.95) by Salman Rushdie is not only enjoyable but often funny. *El escritor hindu* , as he became known, was the guest of the Sandinista Association of Cultural Workers for three weeks in July 1986 and embarked on his trip not knowing what to expect, but fearing the worst. What he found was a land of poets and bizarre details. As a founder of the Nicaragua Solidarity Campaign, *his sympathies* are made clear from the start. But he can spot a rationalisation a mile off and is worried about the threat to freedom from inside as well as outside the country. He does not let doubt slide into cynicism or hope into naivety.

VALERY McCONNELL

AFTER ALL the words of 1987, I turn to **Visions of a Nomad** (Collins, £20), Wilfred Thesiger's stupendous photographs from a life of travel as my book of the year.

Africa, Asia and the Arab world are his subjects: "I have never taken a photograph in Europe, nor photographed a European. It has never occured to me to do so." It is a book of unearthly beauty, both of people and places, but with a poignancy that reminds one at every turn of the impoverishment and despoiliation of so many of these countries by natural and politi*cal disaster, or simply intrusion.* Thesiger is content "just to remember." The book, finely produced, allows us to share his memories.

GILLIAN DARLEY

BRUCE CHATWIN continues to prove in **Songlines** (Jonathan Cape £10.95) that you can say more with less and that the true stylist hides his style. This book,apparently about Aborigines is much more about men and movement and violence. A modern vision of The Wanderer.

JOHN RALSTON SAUL

TWO NOVELS read early in the year have stayed with me more than several read since: Philip Roth's **The Counterlife** (Cape, £10.95) and V.S. Naipaul's **The Enigma of Arrival** (Viking, £10.95). Both were innovations in form that disconcerted habitual admirers. Both showed how the life we choose for ourselves never completely succeeds in suppressing the life we inherit. When an American Jew or a Caribbean Indian settles in rural England his repudiated household gods move in with him. Roth made his point through a series of optical illusions; Naipaul through a series of descriptive reflections. Roth ended in the country and the mood was deceptively comic; Naipaul began there and the mood was deceptively pastoral. Both left us in no doubt of the truth of Greene's summing-up of the novelist's art: "Pain is my profession."

ANTHONY CURTIS

NONE OF the political works that I have read came quite up to My Book of the Year standard, so I opt for Iris Murdoch's **The Book and the Brotherhood** (Chatto & Windus, £11.95). I know much of it is corny, woman's-magazinish and, by now, Dame Iris may even have stopped parodying herself. She just writes like it now, as in the following: "She noticed Daniel Deronda lying on the bedside table under the pink-fringed shade of the lamp. She couldn't read it. She thought, perhaps I have come to the end of reading. J'ai lu tous les livres." But I suspect that I am not alone in being hooked on these intellectuals incapable of running their own lives.

MALCOLM RUTHERFORD

I HAVE been delighted this year by the return of Duffy, the ex-cop with a wry outlook on life in **Going To The Dogs** (Viking £10.95). A corpse is thrown among a curiously sleazy household. The houseowner is a successful criminal married to a retired Page Three girl and the guests are not unfamiliar with exotic substances.

The reader is treated to some philosophical Duffy musings on such diverse subjects as phobias, sex and the dangers lurking in the country for urban man, but the important thing about this book is it is *fun*, as one of the kookier characters is fond of saying when explaining any aspect of her behaviour.

BRIAN AGER

I CHOOSE **CUCKOO HILL: THE BOOK OF GORLEY** by Heywood Sumner,(Dent, £12.95). The distinguished Arts and Crafts artist and designer Heywood Sumner (1853-1940) had been born and bred on Hampshire chalk. During the first years back there in his house on the edge of the New Forest he made The Book of Gorley, now published in a handsome facsimile, with endpapers of his wallpaper design Quercus drawn from the oaks of the Forest. In his handwriting and crammed with his watercolour pictures, plans and perspectives, this new found companion to the Natural History of Selborne is a lively chronicle.

GERALD CADOGAN

Le Corsaire comes west

Clement Crisp visits the Kirov Ballet in Paris

FOR THE next two months, until 10 January, the Kirov Ballet is in Paris, complete - as only a great Russian company is complete - with its own orchestra. Six different programmes will be on view, and the opening performances last week brought a first chance for the West to see the full-length *Le Corsaire* as lately revised and revived for the Leningrad troupe.

On the evening before I saw this staging, I had watched the Royal Danish Ballet's *La Sylphide*, where a nineteenth century text has been preserved and honoured across the years, even if some modernisation of style has been inevitable. *Mutatis mutandis*, this is Bournonville's creation still. The case is very different with *Le Corsaire*.

The history of this celebrated old ballet starts with a first version mounted by Mazilier at the Paris Opera in 1856. A slight debt was owed to Lord Byron, whose poem of the same name provided a tenuous dramatic scheme for the action. Far more was owed to the spectacular stage effects - including a shipwreck - which framed the story of a beautiful Greek girl, Medora, rescued from the clutches of a villainous Turkish Pasha by the efforts of the eponymous Corsair, Conrad.

The ballet reached St Petersburg in 1858 in a production by Jules Perrot, with assistance from Marius Petipa, who was also to appear as Conrad. Once again stage machinery, grandiose scenery, were of prime fascination for audiences, and the piece was subsequently revised by Petipa four times before the end of the century. Alterations were made to the narrative; there were large choreographic interpolations, of which the most important was the scene of the *Jardin Anime* as an entertainment in the Pasha's harem, whither Medora had been abducted for a second time. (Her life is one of constant excitement.) This found the corps de ballet deployed as living flowers in an exquisite *ballabile*, with Medora and her best friend, Gulnara - a relationship too convoluted to rehearse here - at the centre of some splendid classical evolutions.

The ballet survived on terms of its dance excitements and its scenic showpieces. I have to record some slight acquaintance with this, in that I was privileged to see Tamara Karsavina miming Medora's narrative of the shipwreck, as she had played it at the Mariinsky Theatre in the early 1900s. The image of this great artist registering terror, and even showing the flash of lightning, is with me still: Karsavina seemed miraculously to have become the beautiful young girl immortalised in the old Petersburg photographs.

Even with Petersburg become Leningrad, *Le Corsaire* persisted in the repertory, though thought sadly old-fashioned. In the 1950s, the ballet-master Pyotr Gusev sought to restore it, with the assistance of the critic Yury Slonimsky, for the Maly Theatre in Leningrad, and before his recent death, he had made a further recension for the Kirov, which has been edited by Oleg Vinogradov, artistic director of the company.

And is this *Le Corsaire* still? We must forget any link with Byron, unless he were a scriptwriter for *The Perils of Pauline*, for the action is cinematic taradiddle. We must even forget the ballet's narrative as it was originally conceived. What we see is an illogical and reasonably foolish collection of scenes which serve as a setting for relics of the Petipa choreography: the famous pas de deux (which turns out to be a pas de trois for Medora, Conrad, and his friend, Ali, who wears the harem trousers and aigrette); a trio for odalisques; the *ballabile* of the *Jardin Anime*, and some national dances for Corsairs and their ladies which are done with sublime skill by the Kirov artists. Other elements from earlier versions exist as mad irrelevancies. The shipwreck opens the ballet on a note of high theatrical display (begin as you mean to go on, is the motto of this version), and there follow such jollities as a slave market, and a scene in a grotto in which Conrad is given a heavily drugged bouquet as a Mickey Finn. It is all good, clean rumbustious fun, equipped with exiguous traces of the old ballet like tiny fragments from a lost mosaic.

And is it worth-while? The answer must be a "yes" with reservations. These have first to do with the decorative style provided by the designer Teymuraz Murvanidze, whose settings look both dated and not dated enough. They are sub-Bakst in places, pure Hollywood glitz in others. What was arguably needed was design in the 19th century veristic manner so magnificently preserved by the Kirov for their staging of *La Bayadere*, where sets have been piously conserved from the turn of this century. Costuming, by Galina Solovieva, is much given to tatters and fly-away bits of fabric: the effect is over-busy. The last century's conventions are respected in that for much of the ballet only Medora and Gulnara are allowed to don tutus, which might lead the wicked Turks to suppose that they have abducted a couple of Evzones rather than lissome Greek maidens.

But whatever the improbabilities of the staging, the Kirov artists give heart and soul to the piece. The national dances have that unique Leningrad combination of physical dash and aristocratic manners; in the *Jardin Anime*, the corps de ballet in tutus move with a serene rightness as they manipulate garlands and unfold Petipa's clever patterns. At the centre of the ballet, the principal roles are more than papery. For the two ballerinas, Medora and Gulnara, there are virtuosos set-pieces, but little emotional meat. Typically, when Medora finds herself abducted to the Pasha's harem, she meets her friend Gulnara there, who mimes "My dear, how nice to see you again. Get out of that dismal shift and into a tutu, and lets show them some point work." Medora radiantly concurs. It is a far cry from the urgent dramatic scheme of *La Bayadere* and other Petipa works of the period.

Nevertheless, the Kirov's ballerinas - I saw both Tatyana Terekhova and Olga Chenchikova as Medora, Yelena Pankova and Irina Chistyakova as Gulnara - seize every moment. Miss Terekhova has a dazzling way with the dances, and can blaze with passion when needed; Miss Chenchikova, with her warmly opulent style, gives Medora a wonderful generosity of outline, superb in upper torso and arms, that seems deserving of better things. Both Konstantin Zaklinsky and Eldar Aliyev are decent Conrads (there is a certain amount standing about to the role, arms crossed, registering nobility, when not rushing to rescue Medora); dance honours go to Ali, the hero's statutory friend, and here Faroukh Ruzimatov, an ardent temperament matched by ardent dancing, is very fine.

Thus *Le Corsaire* in its newest incarnation. Part pantomime, part garden of remembrance, it needs Kirovian passion to make any sense of it at all. The happy thing is that the Leningrad artists can provide just that.

The Enchanted Garden scene from "Le Corsaire"

A new Cooney farce is born

EARLY CHRISTMAS silliness is on tap at the Yvonne Arnaud in Guildford, where Ray Cooney's new medical farce, It Runs in the Family, opened on Thursday night.

There is not much that is intrinsically funny about the continuing deficiencies of our Health Service, but, as usual, Mr Cooney is immune to contemporary realities. The hospital common room pantomime is in rehearsal and a paternity suit is about to be served on a fraught neurologist, Dr Mortimore, who is due to deliver the Ponsonby lecture to an international conference.

This robust structural groundwork does not yet yield ecstatic farce of the highest Cooney calibre, but it is fascinating to see the author -- who also directs and appears as a glum stooge to John Quayle's spreadeagled comic hero -- testing his options in open workshop conditions. The National Theatre conducts precious experiment behind closed doors. Cooney keeps open house, and Guildford knows it is participating in play-making history.

Mortimore's wife (Wanda Ventham) is on hand to lend support which is promptly demolished by an old nursing flame (Una Stubbs) announcing that her child by Mortimore is eighteen, a qualified driver, in trouble with the police, and looking for Daddy. Young Leslie (Ian McCurrach) is a punkish booby with torn jeans and an irritating habit of doing Michael Crawford impressions. The chairman of the hospital board (Dennis Ramsden) wants to know when the lecture will start.

Panic stations ensue with Mortimore passing himself off to his own son as a patient who came in with gout only to be operated on for piles. Half the cast find themselves outside on a window ledge in a snowstorm and Matron (Charmian May) is syringed in the bottom. A junior doctor (Peter Blake) is keen to dress up for rehearsals and becomes one of several proliferating matrons with broken arms and Celtic accents.

Trouser legs are rolled up, identities bartered with manic glee, and Mr Cooney finds himself sitting on a drugged, incipiently nymphomaniac Matron with a moustache, a clerical career and two pairs of legs. As in every good farce from Ben Travers to Joe Orton, the location becomes a madhouse filled with an epidemic of unbridled lunacy.

When a real patient (Derek Royle) at last appears in a wheelchair, he takes the common room to be a private ward stuffed with people and diversions assembled merely to keep him happy. Mr Royle is our most blissfully decrepit farceur, and his accelerating discomfiture, locked in lavatories and thumpingly despatched to the sidelines, is a source of unalloyed joy and vicious delight.

The piece needs fine tuning and a tighter control over the offstage fracas at the conference and the rehearsal. I also think Mr Cooney should devise a way of getting more characters into nursing gear, starting with Bill Pertwee's ramrod police sergeant.

In John Quayle's brilliantly funny performance we see the confirmation of this actor's right to be considered a star in the farcical galaxy. Tall and angular, there are hints here of both John Cleese and Michael Barrymore. But comparisons are transcended in his own special brand of threatening acquiescence, casual destructiveness and lightning speed of thought and action.

Michael Coveney

Opera

Sinopoli's Tosca

THE LATEST revival of the venerable Zeffirelli production of Puccini's *Tosca* at Covent Garden has potentially a strong cast, headed by Ingvar Wixell's Scarpia and Eva Marton's Tosca. Less creditably, it is conducted by Giuseppe Sinopoli, and almost all one's doubts about the evening can be attributed to that source.

Sinopoli's treatment of the score is in one authentic sense a phenomenon: it is quite unlike anyone else's. But that does not imply that it is either idiomatic or illuminating, quite the opposite - many of the lines emerge haphazardly stressed, their textures inverted, and the singers are left to cope as best they can, further hampered by ponderously slow tempi. It is often hard to explain Sinopoli's mauling of the score other than in terms of sheer incomprehension; he does not seem to grasp the expressive point of a phrase, or to pursue a harmonic rhythm for more than a few bars at a time, so that the music advances in fits and starts, the stresses applied with unfailing inaccuracy. And when an instrumental detail is selected for preferential treatment, deformed or decoupled from its context, it is given no justification for independent existence: it becomes just another event along the way, a musical folly to sit alongside all the others.

All things considered, the singers coped admirably with Thursday's opening. The chief casualty of the arbitrary distortions was Peter Dvorsky's Cavarodossi, who was hobbled by Sinopoli's lethargy at "Recondite armonia" in the very first scene, lost his sense of phrase, and took the remainder of the act to recover some equilibrium. That opening act never got into gear: neither Marton's nor Wixell's intensity proved sufficient in itself to compensate from the absolute lack of dramatic impetus from the pit.

Alastair Muir

Eva Marton

It was not until Act 2, by which time one had learned to ignore what was happening in the orchestra except on particularly absurd occasions, that this Tosca and Scarpia began to draw blood. There is little vulnerability about Marton's portrayal: visually and tonally it is robust, almost too imposing, but it is hard not to admire the confidence with which "Vissi d'arte" was launched, nor the control with which it was sustained. Wixell's Scarpia is now a well known quantity, and his carefully modulated, alarmingly credible performance, coupled with suave, intelligent singing offered perhaps the evening's most roundly satisfying contribution.

Yet supporting roles too are solidly cast - a special word for Roderick Earle's splendidly personable Angelotti - so that the evening's disasters were almost exclusively confined to the conducting. Collectors of gruesome operatic occasions may look forward to a Radio 3 relay of the production on December 5, when Sinopoli's "interpretation" may be enjoyed to the full.

Andrew Clements

Warsaw in London

The Warsaw Philharmonic are a lively, responsive orchestra. They are not the subtlest of ensembles when it comes to the finer degrees of textural colouring and emphasis -- but they respond to firm and muscular direction, and they can reliably produce, as on Thursday at the Festival Hall, a perfectly decent and enjoyable concert of the mainstream repertoire.

The Warsaw Philharmonic's programme, conducted by their General and Artistic Director Kazimierz Kord, opened with Sibelius (the *Finlandia* overture) and ended with Shostakovich (the fifth symphony) -- both unexceptional, but also unexceptionable, performances, well enough balanced, agreeably tuned, tolerably well shaped. Neither one made history, displaying neither any great virtue, or any notable fault.

Beethoven's Emperor concerto was the centrepiece, and John Lill was the solo pianist. His playing throughout had splendid clarity, and there were more than one or two moments, especially in the slow movement, of unusual delicacy and refinement. There were other gestures too which seemed curiously, and unexpectedly, withdrawn -- as if, since the fundamental stance of the performance had not yet been quite settled, caution was the best policy. For all his qualities, Lill is not known principally as a risk-taker: but I have certainly heard more interesting and adventurous Beethoven from him than this.

Dominic Gill

Auction record for Rossetti's 'Proserpine'

A PAINTING by Dante Gabriel Rossetti of Proserpine, the wife of Pluto who was doomed to inhabit Hades for ever, sold for £1,430,000 at Christie's yesterday to the London dealer, Christopher Gibbs. It was an auction record for a Victorian picture, and more than doubled its estimate.

Rossetti painted eight versions of the myth, using Jane, the wife of William Morris, as his model: he was infatuated with her. Only three survive: one in the Tate, one in Birmingham City Art Gallery, and this, the finest version. It sold at auction for £745 in 1888 and for £5,250 in 1964 when it was acquired by the artist L.S.Lowry. It was on loan to the Manchester City Art Gallery.

The auction of 19th century paintings totalled £3,141,897 but with 30 per cent unsold. The main casualty was a painting from Burne-Jone's famous series "The Briar Rose", which had been lost for many years. It was bought in at £520,000, at the bottom of its estimate, suggesting some greed on the part of the lady vendor. A portrait of Sybil, the female prophet, as envisaged by Lord Leighton, sold for £286,000. For a century this painting had been lost but it surfaced recently in a lavatory in Connecticut.

Antony Thorncroft

Records

Showbiz time

KIRI TE Kanawa sings Eliza Doolittle. Next week, no doubt, Lulu sings Madame Butterfly. In theory, such cultural crossovers, as the New York Times calls them, are a good idea. In practice, the results can be embarrassing. The new *My Fair Lady* (Decca MFL1, CD 421 200-2) is heavy with the noise of Kiri holding herself in. The phrasing is beautiful and deliberate, the tone lush, the Cockney vowels emphatically wishing us a very Maori Christmas.

But it all sounds dreadfully respectable, heavily corseted and joyless. All-night dancing is the last thing imaginable on this Liza's agenda, that song delivered with crystalline but colourless purity. Something much more sinister and suicidal than upward mobility and falling in love is going on here. Not so much hurrah Kiri as hara Kiri.

John Mauceri conducts the London Symphony Orchestra with great verve, and Jerry Hadley, a fine American lyric tenor, proves that "On the street where you live" can withstand both an opera singer's full technical clout and years of automatic rendering, and rending, elsewhere.

I last thought of Jeremy Irons as a musical performer when he played opposite David Essex in *Godspell* in the early 1970s. His Higgins is apoplectic with asperity, wildly tasteless in parts, but a good outline for stage development. Irons sings more and better than did Rex Harrison, and could well re-define the role as his own.

There is a wonderfully exuberant and tiddly Doolittle from Warren Mitchell and an unwittingly hilarious Pickering from John Gielgud, cooing meticulously like a pigeon with tummy ache.

This *My Fair Lady* fails not because it never really happened, but because no-one seriously considered the possibility that it might. Show albums are best when based on real shows. *Follies* (First Night Encore 3, 2 records, 2 CDs) is a wonderful memento of one of the year's theatrical highlights, and a fine record in its own right. The mirrors, the tap, the regret and the brassiness are all centre stage at the Shaftesbury in "Who's That Woman," led by Lynda Baron, and that number is the crux here, too.

The four new songs Sondheim has written for London are stylistic post-dates of *Follies* proper and, with the exception of the poisoned conversation piece for a childless marriage, "Country House," unexceptional. Diana Rigg is involved in two of them and is, not surprisingly, better in the flesh than on disc. Julia McKenzie gives poignant, cutting and definitive versions of "In Buddy's Eyes" and "Losing My Mind," David Healy is superbly bouncy and bright.

A terrible climactic collision is made of "Broadway Baby," "Ah Paree" and "Rain on the Roof" (which Pearl Carr and Teddy Johnson discharge fleetly and charmingly), a serious staging flaw that I am shocked to find uncorrected in the recording studio. Otherwise, no complaints. I prefer this *Follies* to the crazed hysteria of the Avery Fisher concert recording, and it obviously replaces the exiguous original cast album.

That's Entertainment Records has pioneered show recordings and much needed excavation work in recent years. As other competitors enter the breach, so the company has widened its range to include opera, operetta and film scores. Top of their Christmas list, and of mine, is the New Sadler's Wells *HMS Pinafore* (TER 2 1150, 2CDs), a recording of pristine freshness and barking brio.

I must confess that I remained immune to the vaunted quality of this production a few years back. But I happily trade that disappointment for this, the first complete recording, lovingly prepared from the composer's autograph copy by David Russell Hulme. Nickolas Grace preserves for posterity his tight-jawed Sir Joseph of the erect stance and princely vowels, and there are other musical performances of the highest class from Linda Ormiston as Buttercup and Gordon Sandison as the Captain of the Queen's Navy.

The band and chorus under Simon Phipps's vigorous direction have great fun giving us all three finales (the Golden Jubilee one, the original and D'Oyly Carte's). If D'Oyly Carte do return, as is rumoured, to the West End next year, they will find new and other standards to contend with.

That's Entertainment belies its name, alas, with Gian-Carlo Menotti's *Amahl and the Night Visitors* (TER 1124), a Christmas fable whose date, 1951, supposedly places it in the composer's rich period. This version was given at Covent Garden last Christmas, James Rainbird outstanding as the crippled beggar boy visited by the Three Kings en route to Bethlehem. Lorna Haywood sings his mother, Donald Maxwell Melchior. But oh, and ouch, and ugh, what bland musicality, what cloying sentimentality. The Menotti-ness of it all soon becomes monotonous.

More tinny but more fun is *The Girl Friend* (TER 1148), based on the Mercury, Colchester, revival of Rodgers and Hart's 1926 musical comedy praised on this page by Martin Hoyle. About half of the songs are not by the masters at all, but derive from the 1927 West End bastardisation which incorporated the work of such other songsmiths as Gus Kahn, Con Conrad and Otto Harbach.

The result on record is an inharmonious hybrid, indifferently performed. Best songs are "Blue Room," "Mountain Greenery" and the title number, on which Sandy Wilson, I submit, improved in his imperishable parody.

Affectionate dramaturgy characterised Richard Eyre's *High Society* (EMI SCX6707, CDP 7467772) now entering the last lap of a year's run at the Victoria Palace. The record is far superior to the show, the voices in good order, the musical direction and orchestrations of George Fenton witty and smart. It is not fit to live with the Cole Porter songbooks of Merman, Fitzgerald or Sinatra, but it has pezazz and Angela Richards singing "In the Still of the Night."

As a theatrical melodist, Andrew Lloyd Webber may yet touch new heights, but *The Phantom of the Opera* (Polydor PODVC9, 2 records, CD 831 273-2) will be a hard act to follow. His lyrics -- here by Charles Hart and Richard Stilgoe -- obey pop song imperatives rather than Cole Porter's example, but the work achieves an overall thrilling emotional crescendo, one fully captured on this recording, the most technically and atmospherically accomplished in my Christmas haul.

David Cullen is an unsung Lloyd Webber associate who works closely with the composer on all his orchestrations. Mr Cullen has produced and arranged Cantabile's Music of the Night (EMI SCX 6712), a selection of songs from hit shows of the 1980s performed in close harmony by two tenors, baritone and counter-tenor. This sort of easy listening I usually find hard to take, but I bent my ear voraciously towards a brilliant "Oh what a circus" from Evita and a funky, growling, get-on-down "Rum Tum Tugger" from *Cats*.

Michael Coveney

Adroit use of faith

Radio

THE POTTING Shed (Radio 4, Monday) displays Graham Greene's versatile technical skill. The story is a characteristic study of the merits of faith, that might have been the basis for a novel; at the same time, the play is very much a three-act theatre piece of its time (1957). There is a mystery to seduce Aunt Edna, and a sort of happy end for all the unhappy characters. Why, when James Callifer comes to his father Henry's funeral (where he has not been invited) is he afraid to go to the potting shed, where his niece has quartered his dog for the night? Half-explanations are offered.

The old gardener's widow, Mrs Potter, is more specific. You hanged yourself, she tells him, and you were saved by your Uncle William (another of the family not asked to the funeral). Uncle William was not invited because, in a family headed by a fanatical rationalist, he became a priest. And, as we learn when James visits him, he had indeed brought the dead boy back to life, by making a bargain with God: let him live, and you can take away what I love most. What William lost was his devotion, and when James caught up with him his priestly duties were no more than automatic.

Where Greene shows his ingenuity is in his demonstration that faith has two sides, for unbelieving Henry also believed that William had brought the boy back to life, and he wrote no more of his scepticisms. A sort of happy end, I called it, as happy as the end of *Measure for Measure*; but the interest of the play persists to the conclusion. Gerry Jones directed a fine production, with Richard Pasco as James and Garard Green as William.

Only a short note for Greene's *Cheap in August*, dramatised by Elizabeth Troop from a short story. It tells of a sophisticated woman's brief weakness for "a fat, frightened old man" whom she met on holiday in Jamaica. It was well played by Valerie Sarruf and Robert Beatty, but it was still a short story.

Drama of another calibre was Michael Payne's *Lady Faustus*, with which Radio 4 inaugurated "High Fantastical," a series of plays about magic. Franz was a young officer in the 19th-century Austrian cavalry, where magic was naturally accepted. He went to the mysterious home of the mysterious Lady Faustus, who had made her annual appearance at the regimental ball, having had a mysterious invitation, for no one knew who she was. When they had made love, she demanded a year of his life. Next day he insulted his captain and was challenged. Running to Lady Faustus, he offered such a year if he might win the duel. One of Lady Faustus's mysterious servant's pet wolves attacked his opponent, and Franz, a gentleman to the last, used his one round to kill the beast rather than the captain; so he died and deprived his love of her gift, an item in her formula for staying young for ever. David Johnston directed, and Rula Lenska and James Aubrey kept parody at arm's length.

Sunday's *The Medium and the Message* did not strike me as a serious inquiry into mediums. We heard records of Doris Collins passing trivia from the dead to their survivors, to their evident pleasure. Brian Inglis reckoned some people could pick up others' thoughts in controlled conditions. David Berglas explained how information could be returned as novel when it had already been unconsciously given. There was talk of "entities," though Miss Collins said she had never met evil spirits. If this subject is to be dealt with, it needs a much deeper approach than Trevor Barnes gave it, or it becomes mere entertainment.

B.A.Young

Chess No. 699

1 Q-N3. If KxR; 2 N-K6, or if B-N5 (or R-R6); 2 Q-B4, or if B-N3 (or R-N5); 2 Q-B3, or if N(K2) moves; 2 Q-Q5, or if N(N7) moves; 2 Q-K3.

WEEKEND FT

• SPORT •

Tennis/John Barrett

A lack-lustre end to the year

THIS IS the silly season in tennis. Next week in New York and the following week in London the top eight men in singles and the top eight pairs in doubles will, in theory at least, be disputing the last great tournaments of the year to decide who really are the kings of the court. Yet the men competing in the two Nabisco Masters events will be more concerned with the financial implications of their participation than with the titles themselves. That may sound cynical but it is a view based on 15 years *of observation.*

The Grand Prix competition itself is a season-long, points-linked circuit which was established in 1970 as a defence against the encroachments of the entrepreneurs whose activities had accelerated the arrival of open tennis in 1968. The theory was that players would not be tempted to play "special events" if the prizes for the Grand Prix bonus pool and for the last event, The Masters, were high enough. Accordingly over the years money has been poured *into these two areas. When Cliff* Richey won the points race in 1970 his reward was $25,000 and the Masters winner that year, Stan Smith, took $10,000. Contrast that with the $800,000 that Ivan Lendl will be paid next week as points leader for the year and the $200,000 that the Masters winner will receive. Inflation accounts for only a small percentage of those increases.

But there is a snag. The eight men who head the points table cannot claim their bonus prizes unless they participate in the Masters. No great hardship, you might think, for men whose living is concerned with chasing a fluffy yellow ball about a court. Yet they will tell you, these hardened athletes who we, the media, have turned into the pampered poodles of the sporting world, that at the end of a hard season of some fourteen tournaments, plus Davis Cup ties, involving at the most 22 weeks of play, they really need a prolonged rest.

Clearly this is nonsense. The *great men of the past* played more tennis than that without complaint, and there were more five set events then, all without tie- breaks, as well as doubles and mixed doubles in which today's top singles men rarely play. If they are tired then it is because they have been indulging in too many "special events."

Not that I have any objection to special events as such. In fact I believe they play an important role in bringing the game to a wider public. However, it is surely perfectly fair for the Grand Prix organisers - the Men's International Professional Tennis Council - to make rules to protect the investment of their sponsors.

While the rules are there the players will abide by them - as long as there is a financial advantage. Accordingly you can be sure that Jimmy Connors, who had said he was taking a lengthy break from the game following a surprise defeat in Israel last month, will be there next week competing at Madison Square Garden so that he can pocket the $100,000 that comes to him for being sixth on the Nabisco points list. Tired or not, wouldn't you?

The sad thing is that the Masters, despite several changes of format, has never been the great climactic event it should have been. Too few of the participants are mentally prepared for what inevitably will be one of the toughest weeks of the year. Mind you, it is better now that these events are played in December. When they took place in January as the first tournaments of the year there was a distinct after-Christmas rustiness about everyone's game.

In the past we have too often had examples of players clearly not giving their best in the round-robin section. To tackle that problem the players now receive an appearance fee of $10,000 plus $20,000 for winning any of their three round-robin matches. For winning a semi-final they earn $50,000 and a further $100,000 is awarded to the overall winner.

So who is likely to be the new Nabisco Master? Current evidence points to Ivan Lendl. Not only has the World Champion proved himself the outstanding player of the year with seven tournament wins including a *third French and third US Open* title but he is also at his best on the indoor carpet that is the surface next week. In fact he has been in the last seven finals at Madison Square Garden winning in 1981, '82, '85 and '86.

Ivan Lendl - points leader for the year

Along with Lendl in the Rod Laver group (a nice tribute to the great Australian you might think, but it turns out Laver is employed as the sponsor's international spokeperson - they don't miss a trick do they?) are Connors (seeded 4), Boris Becker (5) and either Brad Gilbert or Andres Gomez (8). In the Pancho Segura group (not an employee as far as I know) are Stefan Edberg (2), Mats Wilander (3), Miloslav Mecir (6) and Pat Cash (7).

The Gilbert/Gomez struggle is an interesting one. Gomez has only just returned to competition following injury and is down at Itaparica in Brazil fighting for points with Gilbert. If Gilbert gets to the final then he will qualify for the last place. If he loses earlier and Gomez wins the tournament then the big left-hander from Ecuador will qualify.

Edberg will be the choice of many to win for the first time. Ever since he beat Cash at the start of the year the 21-year-old Swede has been improving steadily as his six further tournament wins testify. A shy man, he is at last starting to believe. By releasing his abundant natural talent from the shackles of doubt *he is providing some truly majestic tennis.*

What of Becker? I have been with the double Wimbledon champion all this week in Freidrichshafen where he has failed to defend the Waterford Young Masters title that he had won for the past three years. His 2-6 6-4 6-2 loss to Magnus Gustafsson revealed an inability to serve with his customary power. More worrying was his lack of customary zest for the game. He looked overtrained and drawn - perhaps a legacy of the illness that has kept him off the singles court for the past five weeks.

However, now that he has adopted the Australian disciple of Harry Hopman, Bob Brett, as his coach I believe we might see an upward curve in his fortunes - severely dented since the much-publicised break with former coach Gunther Bosch last January in Melbourne. Brett will gradually restore the confidence that has been the missing factor in Becker's powerful game. The 20-year-old has been like a rudderless vessel this year. He will learn from Brett that he must use his wonderfully powerful frame to overwhelm the opposition as he did so magnificently at Wimbledon in 1985 and 1986.

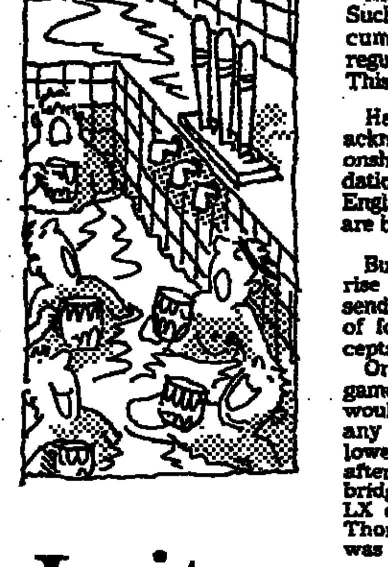
Not for him the long baseline rallies which his manager Ion Tiriac seems content to have let him attempt for most of this year. Brett will also help him to recover the service dominance upon which he built his early reputation. More than that, he will restore the joy of playing which made the younger Becker such a compelling personality.

Of the others the enigmatic Czech, Mecir, is the one most likely to upset the seedings. He has so often beaten Wilander that one must expect him to do so again. He will almost certainly beat Cash and could worry Edberg. I shall never forget the way he ensnared the bewildered Swede in his web at Wimbledon, in 1986.

These two, Mecir and Edberg, are the only ones due to return to the Royal Albert Hall for the Nabisco Masters Doubles in two week's time. This championship is at least a joyful end-of-term romp in which the players can relax and enjoy themselves. It will be a pleasure to visit after what I anticipate will be a rather dour week in New York.

Rugby/John Kitching

The days of friendly fixtures are not quite over but the league system is taking its toll



Is it a league ahead?

LET'S BE honest: it hasn't been as awful as some of us feared.

Rugby's Courage English Clubs Championship opened this season amid speculation that it would be bad for The Game; that it would lead to full-scale professionalism; and that it would sound the death-knell of friendly fixtures, many of which had histories stretching back over 100 years.

Some of that is true, but most is not. It is, in the words of Peter Jackson, the distinguished former British Isles winger, "the culmination of 20-odd years of working towards an objective. . .we'd have had a league then if I'd had my way."

Courage has committed £1.6m over three years to sponsoring the championship, which involves 1,128 clubs in 106 leagues throughout the country. This compares with 92 clubs in the Football League and 508 in the FA Cup.

The leagues stretch from the high and mighty national Divisions One, Two and Three, containing the likes of Bath, Leicester, Nottingham and Wasps down to Yorkshire Divisions Five and Six, including Adwick-le-Street, Rowntrees chocolate works and the men from what was once described as the last resort on the east coast, Withernsea.

As with any league system, it is theoretically possible for sides such as Withernsea to spend 10 or 12 years working their way up from Yorkshire Five to National One. That is where the excitement and challenge lies for the more ambitious junior clubs.

Never the less, it is sad to see many a friendly fixture falling by the wayside as a result of the league system; and it is worth noting that the pressures of the English championship will lead to fewer Anglo-Welsh and Anglo-Scottish matches.

The championship has, however, been warmly welcomed by the majority of players, particularly those in the top leagues. Gary Pearce, Northampton and England tight-head prop, says: "They create a cup-tie atmosphere and will keep interest alive throughout the season. It must lead to better rugby being played all round."

The Bath and England scrum-half Richard Hill says: "They are a step in the right direction. We at Bath will attach more importance to the table now it is better organised and we will go all out to win."

One of the most controversial comments comes from David Cooke, *former* England and Harlequins flanker. He says: "If it is properly organised and advertised, it will hasten the arrival of professional rugby, which cannot come quickly enough."

Professionalism is a burning issue in Rugby Union at present. Ripples from the David Bishop affair (did he or did he not cross the border into Rugby League before returning to the Pontypool fold?) spread throughout the game.

The president of the RFU, John Burgess, spoke of his fears *at the launch of the Courage* championship. He said: "It would be naive to believe that a system of club leagues will be a panacea for all our problems.

"The championship will lead to the game receiving even more publicity than before, so attracting power-seeking individuals with little real love for the game. Such individuals could try to circumvent the game's amateur regulations in search of success. This, I believe,is a real danger."

Having said that, Burgess acknowledged that the champi*onship was "now the very foundation of the playing structure in* England on which all our hopes are based."

But there has been no sharp rise in off-the-ball incidents or sendings-off, although the level of foul play still remains unacceptably high.

One of the more enjoyable games I have seen this season would not on paper have excited any but the most dedicated follower. It was played on a sunny afternoon at Grange Road, Cambridge, between the University's LX club (second string) and St Thomas's Hospital, London. It was not a league match.

What was so good about it was that the ball was run out to the wings time and again and the forwards were not prepared to slug it out in a dour struggle which all too often typifies the game at the higher levels.

Still, one has to be realistic; the league is no place in which to take risks - and student sides which stay outside the champi*onship (because of holiday commitments)* can afford to throw the ball about.

Never the less, it has long been a fact of rugby life that hundreds of talented student players are lost to the game after university or college, presumably because they find club rugby little to their liking. It would be a shame if the intensely competitive nature of the leagues caused an even greater exodus from rugby.

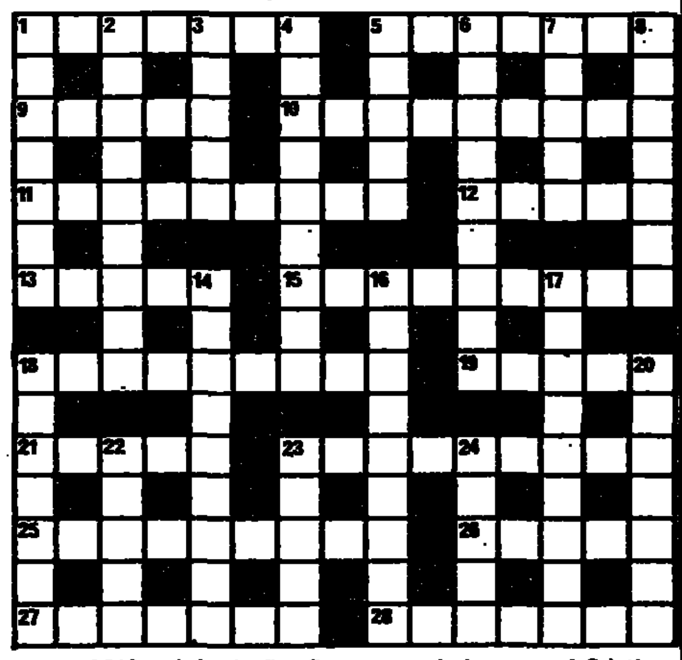
The brave new world of leagues has certainly brought a great seriousness to the game *and winning is now of paramount* importance. The system should bode well for the fortunes of the England team in the International Championship in the New Year.

In the words of Rory Underwood, the Leicester and England wing, who is one of the most exciting runners in world rugby: "It will improve the standards of the lower clubs and that will lead to better performances right up to the top. It must bring an improvement in the national game."

Underwood's sentiments will be echoed by Geoff Cooke, the new England team manager, who is hoping to bring the fluid approach of his successful Yorkshire side into the England camp.

FT CROSSWORD No.6,494

SET BY DINMUTZ



Prizes of £10 each for the first five correct solutions opened. Solutions to be received by next Thursday, marked Crossword on the envelope, to the Financial Times, 10 Cannon Street, London EC4P 4BY. Solution next Saturday.

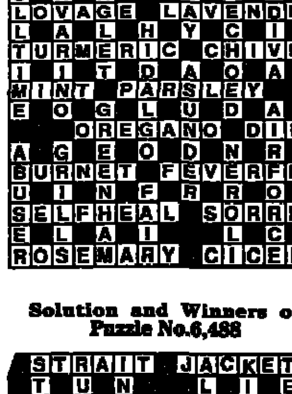
ACROSS

1 Bed and breakfast with neat container for hats (4-3)
5 Pledge is returned in warehouse (7)
9 Type of derelict manor (5)
10 Publicity-glare for the third man? (9)
11 What makes a dog off-colour? (9)
12 Novice left in mountainous district (5)
13 Erato, for example, admits nothing and gets a black eye (5)
15 Haberdasher abroad gets better suited (9)
18 Diggers' plot (9)
19 Rings for oxygen in short flights (5)
21 City of Arabs in revolt (5)
23 Straightened queue, say (9)
25 Pa's toothbrush, perhaps, Ma touches with care (9)
26 Continue to play in Ealing part (5)
27 No decreasing this sort of stuff (3-4)
28 Position of nobleman fighting 17? (7)

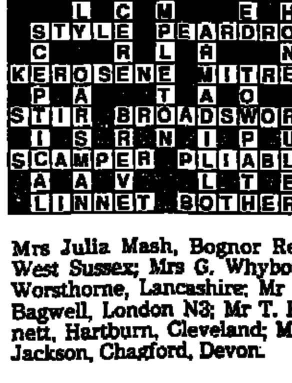
DOWN

1 Tedium felt by Sandy in trade expansion (7)
2 Foolish fellow, insensient to phrenology?(9)
3 Bender being bent (5)
4 Oxy-phenol extract used by wood-tappers (9)
5 Object of the wall-climbing in France (5)
6 School-leader? (5-4)
7 Carbohydrate that is inverted in asparagus-ends (5)
8 Gossip magazine taking in Times leader (7)
14 Dentist as former tower of strength (9)
16 Right document produced by 28? (5-4)
17 Clumsy yet ambidextrous in fighting (3-6)
18 One pound menu ordered - for the protein (7)
20 Chest-protector from Munster (7)
22 Scorn for drive north (5)
23 Essayist brought home in success (5)
24 Day class indulged (5)

Solution to Puzzle No.6,493



Solution and Winners of Puzzle No.6,488



Mrs Julia Mash, Bognor Regis, West Sussex; Mrs G. Whybourn, Worsthorne, Lancashire; Mr P.S. Bagwell, London N3; Mr T. Bonnett, Hartburn, Cleveland; Mr G. Jackson, Chagford, Devon.

SATURDAY

TELEVISION AND RADIO

† Programme in black and white

BBC1

8:20 am Roobarb. 8:25 Saturday Starts Here. 8:40 Chucklevision. 9:00 The Muppet Babies. 9:30 Going Live! 12:12 pm Weather. 12:15 Grandstand including 12:20 Football ...

... News. 1:05 Saint & Greavsie. 1:35 Wrestling. 2:15 Comedy Classic: The Cuckoo Waltz. 2:45 World Championship Boxing. 4:45 Results Service. 5:00 News. 5:05 Walt Disney Presents. 5:15 Blockbusters. 5:45 Copy Cats. 6:15 Blind Date. 7:00 Home To Roost. *7:30 New Faces of '87 (Live Grand Final).* 8:45 News and Sport. 9:05 New Faces of '87 (Live Grand Final Results). 9:20 Murder, ...

... Girls. 11:00 Late Night with David Letterman. 11:50 Coming Soon. 12:50 am Famous For 15 Minutes. †1:00 Feature Film: "Panic In The Streets" starring Richard Widmark, Jack Palance, Paul Douglas and Zero Mostel.

IBA Regions as London except at the following times:

GRANADA

11:30 am Saturday Matinee: "The Snow Queen". 2:15 pm A.L.F. 11:30 Star Movie: Faye Dunaway in "The Wicked Lady". 1:20 am Policewoman. 2:15 America's Top Ten.

ULSTER

11:20 am Feature Film: "Legend of The Golden Prince". 1:03 pm Ulster Newstime. 4:55 Sports Results. 5:03 Ulster Newstime. 11:00 Mountbatten - The Last Viceroy. 11:50 *Nine To Five.* 12:15 am Ulster Newstime.

... Remembered. 4:00 Chausson: Music for voice and chamber ensemble: Chanson perpetuelle Op37 and Concerto Op21, with Arleen Auger (soprano). 5:00 Jazz Records Requests. 5:45 Critics' Forum. 6:35 Signals From the Fleet. 7:15 Sketches of Britain. *7:30 Royal Liverpool Philharmonic Orchestra* direct from the Philharmonic Hall, Liverpool, ...

SUNDAY

† Programme in black and white

A Painted Diary: Channel 4